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CONFIDENTIAL.

(3849.)

F.O.
424

PART II.

FOR

FURTHER CORRESPONDENCE

RESPECTING

OTTOMAN LOANS.

TURKEY

1876–78.

36

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CONFIDENTIAL.

No. 1.

Sir H. Elliot to the Earl of Derby.—(Received March 10.)

(No. 215.)

My Lord, *Constantinople, February* 18, 1876.

UPON receiving, on the morning of the 16th, your Lordship's telegram of the day before,* I immediately sent the substance of it to Raschid Pasha, who was at the Council of Ministers, where he would be able to consult with the Minister of Finance, the Grand Vizier being unwell and unable to attend.

In the private letter in which I forwarded it, I insisted upon the necessity of immediate steps being taken to provide for the payment of the interest on the Guaranteed Loan, and I spoke in the same sense to the Minister of Finance, whom I had an opportunity of seeing in the evening.

Having received yesterday from Raschid Pasha the note, herewith inclosed, which your Lordship will perceive to be of a vague and unsatisfactory character, I again sent to him to represent that something more definite was required.

From the information brought to me by Mr. Sandison, it appears doubtful whether Musurus Pasha had endeavoured fully to carry out the instructions sent to him on the 31st ultimo, and his Excellency has been again telegraphed to, to report whether he had found it impossible to agree with the Bank of England upon an arrangement such as he had been authorized to make.

If Musurus Pasha answers that he cannot persuade the Bank to make an advance to the Turkish Government for the payment of the Guaranteed Coupon, Raschid Pasha said that another arrangement should be made to prevent the British and French Governments from being called upon.

On the other hand, the Minister of Finance persists in maintaining that the Bank is already in possession of more than sufficient means of paying the interest in question, and he cannot be brought to see that if the Bank considers that those funds cannot be diverted from their original purpose, the coupon will not be paid, and the English and French Governments will be appealed to to carry out their guarantee.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure in No. 1.

Raschid Pasha to Sir H. Elliot.

M. l'Ambassadeur, *Sublime Porte, le* 16 *Février,* 1876.

J'AI reçu le billet que votre Excellence m'a fait l'honneur de m'écrire aujourd'hui même pour me transmettre un résumé d'un télégramme de son Excellence Lord Derby concernant l'échéance de l'Emprunt Garanti de 1855.

Ainsi que votre Excellence le sait, Musurus Pacha avait précédemment reçu l'ordre télégraphique de notifier à la Banque d'Angleterre d'avoir à prendre à titre d'avance 15,400 livres destinées à compléte l'échéance du 1 Février de l'Emprunt Garanti de 1855. Ce paiement devait être fait non au moyen de nouveaux fonds à

* See previous Confidential Papers.

fournir à la Banque, mais par ceux restés disponibles dans ses caisses au crédit du Gouvernement Impérial.

La Sublime Porte réservait ainsi à un règlement ultérieur sur la base de l'application à l'Emprunt de 1854 de la dernière mesure financière, le paiement de cette somme que la Banque d'Angleterre détient pour une échéance encore lointaine du dit emprunt non garanti par le Gouvernement de Sa Majesté Britannique.

Votre Excellence n'hésitera pas à convenir dans ses sentiments d'équité, combien les droits du Trésor en cette circonstance sont incontestables, et que c'est uniquement par déférence pour cet établissement qu'il a consenti à s'en départir tout en faisant les réserves nécessaires.

En portant ce qui précède à votre connaissance je vous prie, &c.

(Signé) RASCHID.

No. 2.

Sir H. Elliot to the Earl of Derby.— (Received March 10.)

(No. 217.)

My Lord, *Constantinople, February* 19, 1876.

I SENT Mr. Sandison this morning to the Porte, with the substance of your Lordship's telegram of the 17th,* directing him to insist that proper instructions should be sent to Musurus Pasha in the course of the day, in reference to the money to be provided for the payment of the interest on the Loan of 1855.

The Minister of Finance still persisted in the difficulties he has been raising; but at length the Grand Vizier overruled them, and Mr. Sandison has now brought me back the inclosed substance of a telegram which has been despatched to Musurus Pasha, directing him to provide the money, which he has informed his Government he has made arrangements for doing, as soon as he received their authorization.

The Porte persists in declaring, that till I communicated your Lordship's telegram of the 17th, no intimation had been received from the Ambassador leading to the supposition that the instructions sent to him more than a fortnight before had not been found sufficient.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure in No. 2.

Substance of Telegram from the Sublime Porte to Musurus Pasha.

MUSURUS PACHA vient de recevoir l'ordre télégraphique de la Porte de se procurer immédiatement la somme de 15,400*l.* sterling pour être remise sans retard à la Banque d'Angleterre pour le service du coupon de l'Emprunt de 1855, sauf à prendre plus tard les arrangements nécessaires avec la Banque d'Angleterre en conformité de la mesure financière du 6 Octobre.

No. 3.

Sir H. Elliot to the Earl of Derby.—(Received March 10.)

(No. 225.)

My Lord, *Constantinople, February* 22, 1876.

I HAVE received your Lordship's telegram of yesterday,* directing me to press for immediate arrangements in reference to the money required for the service of the Guaranteed Loan, as the Bank of England had declined to advance the money on the application made by Musurus Pasha, in accordance with the instructions sent to him on the 31st ultimo.

It was hoped that the instructions sent on the 19th instant to the Ambassador, in which there was no reference to an advance to be made by the Bank, would have satisfactorily disposed of the question.

Musurus Pasha had informed his Government that he had made arrangements with third parties, who were ready to advance the money as soon as he received the necessary authorization, and the telegram of Saturday was intended as an instruction

* See previous Confidential Papers.

to him to conclude that arrangement and to remit the money to the Bank of England for the service of the Guaranteed Loan.

As it would appear from your Lordship's telegram that Musurus Pasha cannot have understood the instruction in the manner intended by his Government, I have sent to the Porte to request that it shall be repeated in terms to make further misapprehension impossible.

I have, &c.

(Signed) HENRY ELLIOT.

No. 4.

Sir H. Elliot to the Earl of Derby.—(Received March 10.)

(No. 231.)

My Lord, *Constantinople, February* 24, 1876.

WITH reference to my despatch No. 225, I have the honour to inform your Lordship that Rashid Pasha has received an answer from Musurus Pasha stating that he had procured and paid into the Bank of England the 15,400*l.*, required for the service of the Guaranteed Loan of 1855.

I have, &c.

(Signed) HENRY ELLIOT.

No. 5.

Sir H. Elliot to the Earl of Derby.—(Received March 10.)

(No. 238. Confidential.)

My Lord, *Constantinople, February* 28, 1876.

MR. G. PALMER has had the goodness to give me confidentially the inclosed Confidential Memorandum to the Grand Vizier, in reference to the arrangement he is endeavouring to come to respecting the Tribute Loans of 1854 and 1871.

It will be seen that in this Memorandum some weight is laid upon the manner in which the Loan of 1855, guaranteed by the British and French Governments, might be affected by the strict application to the two former loans of the general measure of last October.

The Memorandum concludes by stating that the general body of bondholders would see with satisfaction the success of Mr. Palmer's negotiations.

The Agent of the Council of Foreign Bondholders tells me, on the other hand, that he continues to warn the Grand Vizier that Mr. Palmer only represents the comparatively small interests of the 1854 and 1871 Loans.

The Porte is thoroughly perplexed by the contradictory statements of the two parties, and their antagonism diminishes the prospect of an understanding being come to with either, although it is anxious to do so if possible.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure in No. 5.

Confidential Memorandum.

LES propositions faites par Mr. Palmer au Gouvernement Impérial au nom des porteurs de titres des Emprunts de 1854 et de 1871 se justifient par des raisons nombreuses et capitales qui se divisent en trois classes distinctes, savoir:—

1. Des raisons de droit et d'équité.
2. Des raisons d'intérêt.
3. Des raisons politiques.

Les raisons de droit et d'équité peuvent se résumer ainsi:

Le débiteur qui a donné à son créancier en garantie de sa dette la créance qu'il a lui-même sur un tiers, et qui a trouvé crédit sur cette garantie, ne peut en aucun cas suspendre ou restreindre son obligation et priver son créancier de tout ou partie de son gage.

Il s'en est irrévocablement dessaisi et n'a plus le droit de le reprendre à moins de

rembourser intégralement sa dette. D'après ce principe le Gouvernement Impérial n'a pas la faculté de priver les porteurs de titres des Emprunts de 1854 et de 1871 de la jouissance du tribut d'Egypte. C'est à ce tribut que les souscripteurs de ces emprunts ont fait crédit.

Il leur appartient et aucun acte du Gouvernement ne peut le leur enlever. Il n'y a aucune similitude entre cette situation et celle des porteurs de titres des autres emprunts. En effet ces emprunts étaient, il est vrai, dotés d'affectations spéciales sur les revenus du trésor, mais ces revenus restant entre les mains du Gouvernement, ne constituaient pas un gage, mais un simple engagement qui ne conférait aux porteurs aucun droit direct sur les revenus affectés. Cela est si vrai que les emprunts garantis par le tribut d'Egypte ont toujours joui d'une préférence marquée et ont toujours été côtés à des cours plus élevés sur les marchés de l'Europe.

En second lieu le tribut donné en garantie était, comme on l'a dit plus haut, entre les mains d'un tiers, c'est-à-dire du Khédive, et ce dernier ayant pris l'engagement sur l'invitation formelle de la Sublime Porte de verser directement le tribut d'Egypte à la Banque d'Angleterre, le débiteur, c'est-à-dire le Gouvernement Impérial, ne peut plus ni légalement ni matériellement changer cette disposition et obliger le Khédive à retirer son engagement et à verser le tribut ailleurs qu'à la Banque d'Angleterre.

Le droit et l'équité donc s'opposent à ce que l'Iradé du 6 Octobre change la destination du tribut d'Egypte et réduise les obligations du Gouvernement Impérial envers les porteurs des emprunts garantis par ce tribut.

Les raisons d'intérêt sont les suivantes:

Le tribut d'Egypte devant forcément aller en Angleterre sans que la Sublime Porte puisse s'y opposer, il en résulte que le montant total de ce tribut recevra l'affectation régulière prescrite par les Conventions d'Emprunt, c'est-à-dire que forcément les coupons et l'amortissement des emprunts garantis par le tribut seront intégralement payés nonobstant l'Iradé d'Octobre. Si le Gouvernement voulait y mettre obstacle il serait obligé de porter la question devant les Tribunaux Anglais, car la Banque d'Angleterre ne changera jamais la destination des fonds que sur des jugements rendus par ses Tribunaux. Or, d'après ce qui a été démontré plus haut, on sait à l'avance que les Tribunaux Anglais n'admettront pas la demande du Gouvernement Impérial. Par conséquent et dans tous les cas il est dès aujourd'hui certain que l'Iradé du 6 Octobre n'atteindra pas les Emprunts de 1854 et 1871 qui seront servis dans leur intégralité.

L'intérêt du Gouvernement est donc d'accepter les propositions de Mr. Palmer, puisque ces propositions font bénéficier le Trésor d'une somme de 178,000 livres qui sera infailliblement perdue en cas de rejet de la combinaison offerte par Mr. Palmer en voie de transaction et dans un esprit de conciliation incontestable.

Le Gouvernement Impérial a donc un intérêt certain et direct à adopter l'arrangement qui lui est proposé.

Les raisons politiques reposent d'abord sur cette considération que tout conflit entre le Gouvernement Impérial et les porteurs de ces titres sera fatal à son crédit et empêchera le retour de la confiance publique. Il est donc de bonne politique pour la Sublime Porte d'éviter ce conflit, même s'il devait tourner à son avantage, à plus forte raison lorsqu'il est démontré que cette lutte ne peut aboutir à un résultat favorable pour le Gouvernement Impérial.

D'un autre côté en s'entendant à l'amiable avec les porteurs de titres des Emprunts de 1854 et 1871, le Gouvernement Impérial se concilie la portion la plus puissante de ses créanciers Anglais et la plus influente au point de vue politique aussi bien qu'au point de vue financière. Il n'est pas possible que Son Altesse n'apprécie pas cette considération à sa juste valeur.

Puis il ne faut pas oublier que lors de la conclusion de l'Emprunt de 1871, le Gouvernement Anglais a laissé distraire une somme de 100,000*l.* de la partie du tribut d'Egypte affectée au service de l'Emprunt de 1855 pour l'attribuer au nouvel emprunt et que cette modification a été faite sans l'assentiment du Parlement et sans le consentement de la France, l'une des parties intéressées, et que le Gouvernement Anglais saurait certainement gré au Gouvernement Ottoman de régulariser cette question au moyen de l'arrangement proposé par Mr. Palmer. Il convient d'ajouter que Lord Granville, en approuvant ce changement d'affectation, avait exprimé cette réserve que les 100,000*l.* de l'ancien tribut ne seraient affectées à l'Emprunt de 1871 que tout autant que le service de l'Emprunt de 1854 serait assuré et que cette réserve n'a pas été reproduite dans les publications faites lors de l'émission publique de 1871, ce qui constitue le Gouvernement Ottoman en défaut et doit lui faire désirer plus encore le règlement amiable de cet incident.

Enfin, comme dernière considération à la fois politique et légale il est nécessaire de rappeler que les deux Emprunts de 1854-55 sont liés l'un à l'autre d'une manière tout à fait indissoluble, puisque le tribut d'Egypte ne peut être affecté à l'Emprunt de 1855 qu'après qu'il a pourvu au service de l'Emprunt de 1854. Il s'ensuit:

1. Que si l'Emprunt de 1854 n'est pas intégralement payé par le tribut ce même tribut ne peut être attribué à l'Emprunt de 1855, ce qui touche directement les intérêts de l'Angleterre et de la France garantes de cet emprunt.

2. Qu'il serait impossible d'appliquer l'Iradé du 6 Octobre à l'Emprunt de 1854 sans l'appliquer également à celui de 1855.

On comprend sans qu'il est besoin de plus de développements à quelles complications se trouverait exposé le Gouvernement Impérial s'il rejetait le moyen d'arrangement qui lui est proposé.

A toutes ces considérations on ne pourrait opposer qu'un seul argument résultant de la crainte que ressentirait le Gouvernement d'exciter le mécontentement des porteurs de titres d'autres emprunts en acceptant la transaction qui lui est proposée. Mr. Palmer a pris soin de prévenir cette objection en donnant au Gouvernement Impérial Ottoman l'assurance formelle que les représentants des porteurs de titres d'autres emprunts, loin de voir dans cette combinaison un nouveau motif de plainte, déclarent, au contraire, lui donner leur entière approbation.

No. 6.

Sir H. Elliot to the Earl of Derby.—(Received May 10.)

(No. 240.)

My Lord, *Pera, February 28, 1876.*

I HAVE already mentioned to your Lordship that the Sultan had been pressing the Grand Vizier for money.

I learn from an undoubted source that His Majesty at first demanded, not only the immediate payment of the arrears due to the Civil List, but of the half-interest which had been deducted from the dividends on his stock under the general measure adopted by the Porte in October.

His Majesty was with great difficulty persuaded that this could not be done, but it has been necessary to obtain a portion of what is due to the Civil List by advances from local bankers at the rate, I am assured, of 4 per cent. per month.

I have, &c.

(Signed) HENRY ELLIOT.

No. 7.

The Earl of Derby to Sir H. Elliot.

(No. 164.)

Sir, *Foreign Office, March 16, 1876.*

HER Majesty's Government approve the communication your Excellency addressed to the Porte, as reported in your despatch No. 217 of the 10th ultimo, in reference to the money to be provided for the payment of the interest on the Ottoman Loan of 1855.

I am, &c.

(Signed) DERBY.

No. 8.

The Earl of Derby to Sir H. Elliot.

(No. 166.)

Sir, *Foreign Office, March 16, 1876.*

HER Majesty's Government approve the request which your Excellency made to the Porte to repeat its instructions to Musurus Pasha in reference to the money required for the service of the Guaranteed Loan, as reported in your despatch No. 225 of the 22nd ultimo.

I am, &c.

(Signed) DERBY.

No. 9.

Sir H. Elliot to the Earl of Derby.—(Received March 21.)

(No. 256.)

My Lord, *Pera, March 4, 1876.*

MR. GREVILLE PALMER called upon me this afternoon, and said that he had just had an important conversation with the Minister of Finance, who appeared disposed to give a favourable reception to a proposal he had submitted respecting the foreign loans guaranteed by the Egyptian tribute.

A part of this proposal relates to the reduction of the sinking funds; and I found that Mr. Palmer had included the Guaranteed Loan of 1855 among those to be subjected to that operation.

I told him, that however anxious I was to promote any understanding that it would be possible to come to between the Porte and the British holders of Turkish bonds, it would be my duty to point out that by the Convention between Great Britain, France, and Turkey, of July 1855, it was provided that the latter should pay 1 per cent. as a sinking fund, and that the Porte could have no right to alter that, or any other stipulation of the Convention, without the previous sanction of Her Majesty's and the French Government.

I had no instructions from your Lordship; but I did not believe that Her Majesty's Government would be desirous, that by reducing the sinking fund, the date should be deferred at which the liability of Great Britain ceases by the debt being paid off.

I have this morning sent a message to the Porte to the above effect.

I have, &c.

(Signed) HENRY ELLIOT.

No. 10.

Sir H. Elliot to the Earl of Derby.—(Received March 21.)

(No. 258.)

My Lord, *Pera, March 4, 1876.*

WITH reference to my despatch No. 256, written this morning, I have the honour to inform your Lordship that Mr. Palmer has amended the proposal alluded to in it; and that the reduction of the sinking fund of the Guaranteed Loan is not included in the project he has now submitted for the consideration of the Porte.

I have, &c.

(Signed) HENRY ELLIOT.

No. 11.

Sir H. Elliot to the Earl of Derby.—(Received March 21.)

(No. 259.)

My Lord, *Constantinople, March 4, 1876.*

THE inclosed extract of a Report from Mr. Sandison gives the explanation of the Porte respecting the non-payment of the coupons of the 1858 Loan, due on the 1st instant.

I likewise inclose a communication made on the subject by the Porte to the local newspapers.

I understand that the Imperial Ottoman Bank considered it absolutely necessary to decline continuing the advances called for by the Government, but, as payments had been latterly coming in on the Government account, the Bank did not signify its inability to make the advance required for the service of this loan as long as there was any prospect of a sufficient sum being received to justify it in doing so.

It is therefore, I imagine, true that the Ottoman Bank did not at once signify that the advance would not be made.

On the other hand, if the amount had been advanced, there would still have remained a deficit of 28,000*l.* for the Minister of Finance, notwithstanding the recent example of the coupon for the Guaranteed Loan, had continued to imagine that the Bank of England would devote to the payment of the March coupon a portion of the funds received from the Egyptian tribute.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure 1 in No. 11.

Mr. Sandison to Sir H. Elliot.

(Extract.) *March 2, 1876.*

IN alluding to the non-payment of the coupon, 120,000*l.*, due on the Loan of 1858, Raschid Pasha told me that pressing instructions had already been sent by telegraph to Musurus Pasha, directing him to lose no time in coming to some understanding with the Directors of the Ottoman Bank in London for the immediate payment of the deficit, namely, 46,000*l.*, required to meet the coupon in question, and which the Ottoman Bank refused to pay yesterday for the first time.

It appears that ten days ago the Minister of Finance having remitted to England about 46,000*l.* in bills on account of the said 120,000*l.*, as well as an assignment for 28,000*l.* on the Bank of England, payable out of the Egyptian tribute, wrote at the same time to the Bank here to pay the residue, namely, 46,000*l.*, from the funds intended for the coupon of the general debt, against which the Government had assigned to the Bank the revenue of the Customs. The Bank having received the communication without any remark or objection at the time, appears to have left the Government in the delusive belief that the money would be paid, when it unexpectedly announced yesterday its inability to pay it on the ground that it was not yet in possession of all the sums required for the payment of the coupon of the general debt.

The proceeding has naturally caused much irritation at the Porte, which has accordingly directed Musurus Pasha to lay it before the Directors in London, in the hope, apparently, of thus getting them to pay the 46,000*l.* in question.

Inclosure 2 in No. 11.

Porte's communication to local Newspapers respecting Non-payment of Coupon of the 1858 Loan.

Galata, Vendredi matin.

L'EMPRUNT, 1858.—Le Bureau de la Presse a adressé hier soir aux journaux la communication officielle suivante:—

Il y a quelque jours, la Sublime Porte a informé par télégraphe ses Ambassadeurs à Paris et à Londres que le Ministère Impérial des Finances a expédié, à temps, quarante-six mille et tant de livres sterling, en traites échéant le 1er Mars, pour la partie payable en espèces de l'échéance du 1er Mars de l'Emprunt de 1858; que de plus le dit Ministère a donné délégation pour vingt-huit mille et tant de livres sterling, sur ses fonds disponibles à Londres; que pour le restant, soit quarante-six mille et tant de livres sterling, il a invité en temps voulu, la Banque Impériale Ottomane à le compléter, en portant ce reliquat sur le service de la Dette Générale, en conséquence de toutes les garanties, qui ont été données à cet établissement chargé dernièrement encore d'encaisser tous les revenus des contributions indirectes.

Avis de ce qui précède a également été donné aux Comités de la Banque Impériale à Paris et à Londres. Comme on le voit, le coupon de l'emprunt en question a été parfaitement assuré, en son temps et c'est évidemment à la suite d'un malentendu que la dépêche de Londres du 1er Mars, communiquée aux journaux par l'Agence Havas, sur le coupon dont il s'agit, a été publiée.

No. 12.

Sir H. Elliot to the Earl of Derby.—(Received March 13.)

(No. 261.)

My Lord, *Constantinople, March 6, 1876.*

IN a speech made at a meeting of the Turkish bondholders on the 28th ultimo, Mr. Hamond is reported to have said that although on the 2nd of October I was acquainted with the Iradé for the reduction of the interest on the Turkish debt, which was not issued till the 6th, I had neglected to inform your Lordship of it.

As Mr. Hamond intimates his intention of calling attention to this circumstance in Parliament, I may be permitted to point out how little ground there is for his assertion.

It was, as Mr. Hamond says, on the 2nd October that the Grand Vizier communi-

cated to me the decision that he had come to, and upon the same day I at once informed your Lordship of it by telegraph.

I had been made aware a few days previously that the Grand Vizier had come to the conclusion that a reduction of the interest was unavoidable, but having no idea that the adoption of the measure was so imminent, or had even been finally resolved upon, I was satisfied with sending your Lordship the information by my despatch No. 617 without telegraphing it.

Holding the opinion (shared in, I believe, by a large proportion of those who are personally interested in the Turkish Funds) that it was impossible for the Porte to continue to meet its engagements in full except by means of fresh and ruinous loans, which were rapidly rendering the prospects of the bondholders desperate, I certainly did not consider that I should be justified in protesting against a proposal to reduce the interest, although, as your Lordship knows, nobody felt more indignant at the manner in which the measure was carried out, and that indignation was never concealed from the Turkish Ministers.

I have, &c.
(Signed) HENRY ELLIOT.

No. 13.

Sir H. Elliot to the Earl of Derby.—(Received March 21.)

(No. 270.)
My Lord, *Constantinople, March* 10, 1876.

SIR PHILIP ROSE and Mr. J. Staniforth, who arrived at Constantinople some days ago, are understood to be about to propose to the Porte a project for the conversion of the various public debts of Turkey into one single stock.

The proposal will not be submitted to the Porte till the arrival of M. Dumanoir, as the representative of the French interests.

If the project includes the conversion of the floating debt, and other heavy liabilities which lie upon the Government, it is likely to be looked upon with a favourable eye.

I have, &c.
(Signed) HENRY ELLIOT.

No. 14.

Sir H. Elliot to the Earl of Derby.—(Received March 21.)

(No. 274.)
My Lord, *Constantinople, March* 11, 1876.

I HAVE the honour to transmit herewith a letter from the Minister of Finance to the Imperial Ottoman Bank, which, with the table which accompanies it, is intended to convey an exact knowledge of the revenues to be assigned exclusively to the service of the Public Debt of Turkey.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 14.

The Minister of Finance to the Director of the Imperial Ottoman Bank.

(Traduction.) *Le* $\frac{13}{25}$ *Février*, 1876.

UN "Bonyrouldi" viziriel m'ordonne de vous informer qu'un Iradé Impérial ordonne la publication immédiate du Tableau que le Trésor a dressé des revenus que le Gouvernement Impérial a affectés au paiement (de la moitié payable en effectif) des coupons de la dette publique de l'exercice 1292 : ces revenus que le Gouvernement Impérial a affectés au paiement des dits coupons, devront y être intégralement appliqués et ils ne pourront sous aucun motif, ni sous aucun prétexte, être distraits de leur destination.

Ainsi que vous le verrez par l'examen du dit Tableau, dont je vous transmets ci-près une copie, la provision des coupons des emprunts 1854, 1855 et 1871, et partie

de la provision de l'Emprunt 1858, (s'élevant ensemble à 761,460 livres Turques et 47 piastres) sont garanties par le tribut d'Egypt. Cet argent sera, comme par le passé, payé directement à la Banque d'Angleterre par le Gouvernement du Khédive. Il devra être appliqué à la provision des coupons des dits emprunts conformément au résumé de compte dressé à cet effet, qui a été transmis récemment à l'Ambassade Impériale à Londres, par l'entremise du Ministère des Affaires Etrangères et qui se trouve à la première page du dit tableau.

Ainsi que l'indiquent la troisième et la quatrième page du Tableau, la provision des autres emprunts extérieurs de la dette générale, des Bons du Trésor et des obligations des chemins de fer de Roumélie, s'élevant à 7,000,000 livres Turques (y compris les livres Turques 525,176 de ressources complémentaires) est garantie par 3,900,000*l.* de recettes de douanes ; 1,302,000*l.* de taxes des moutons des vilayets et 1,797,400*l.* de dîmes de quelques vilayets d'Anatolie et de Roumélie.

De même que la Sublime Porte vous a dernièrement garanti le versement à la Banque Impériale Ottomane des recettes de la Douane, il a été décidé qu'au fur et à mesure des encaissements de la taxe des moutons et des dîmes, ces revenus seront intégralement versés aux succursales de la Banque Impériale Ottomane et au siége de cette institution à Constantinople sans pouvoir être appliqués à aucun autre paiement. Des lettres adressées aux Gouverneurs-Généraux des vilayets et contenant les instructions voulues, ainsi que des délégations officielles, vont prochainement vous être remises.

Vous conviendrez, messieurs, que les revenus qui viennent d'être affectés, sont de tous les revenus de l'Etat, ceux qui sont les plus sûrs et les plus faciles à recouvrer. Le Gouvernement Impérial, dont les intentions et les constants efforts ont toujours eu pour objectif la conservation de son crédit financier, ayant la ferme intention de le consolider encore davantage. Il n'est pas permis de supposer que les affectations susmentionnées puissent recevoir un autre emploi, et un Iradé Impérial ordonne qu'elles devront être également appliquées suivant les bases qui ont été établies.

Le Gouvernement Impérial ne doute pas un seul instant des efforts que la Banque Impériale Ottomane consacrera au succès des combinaisons financières qu'il poursuit, mais pour donner un témoignage évident de la sincérité de ses intentions, et pour offrir une garantie de plus à l'opinion publique, un Iradé Impérial ordonne l'institution d'une Commission de quatre banquiers et capitalistes notables, nommés par le Gouvernement Impérial, et qui auront, à l'arrivée des Membres des Syndicats qui seront nommés par Londres et Paris, à conférer avec ceux-ci et à contrôler dès maintenant l'emploi des affectations mentionnés dans le tableau.

Ainsi que cela a été déjà fait les années précédentes, au commencement de chaque mois il sera dressé un état constatant les encaissements des revenus indiqués dans le dit tableau, qui auront été effectués à partir de $\frac{1}{13}$ Mars, 1292 (1876), ainsi que le montant de ces revenus payés pour provision des emprunts et le solde existant en numéraire et en effets en portefeuille. Cet état sera certifié conforme aux écritures et publié par voie de la presse.

Le Trésor ayant décidé de publier le dit tableau, qui a été dressé conformément aux dispositions de l'Iradé de Sa Majesté Impériale le Sultan en date du 6 Octobre, 1875, veuillez de votre côté aussi faire publier dans les journaux ce tableau et la présente lettre, et en transmettre des copies à vos Comités de Londres et de Paris.

Quant aux 855,302 livres Turques et 93 prs. de l'échéance du 1er Avril, 1876 (N. S.) des coupons des Emprunts 1869 et 1873, qui se trouvent inscrites au budget du présent exercice, elles doivent être payées du produit des dîmes de l'exercice 1291, qui s'élèvent à 2,500,000 livres Turques, dont le recouvrement n'a pas encore été effectué.

Je m'empresse de vous informer que j'ai donné des instructions à cet égard aux Gouverneurs-Généraux des vilayets.

Je saisis, &c.
(Signé) YOUSSOUF.

TABLEAU indiquant les Services d'Annuités de la Dette Publique Ottomane, fixé suivant le Décret du 6 Octobre, 1875, et le montant des Revenus affectés à la dite Dette, dont une partie se trouve garantie par le Tribut d'Egypte, et une autre partie par les Revenus Généraux des Douanes et par le produit, jusqu'à due concurrence, des dîmes et de la Taxe sur les Moutons, en conformité de l'Iradé Impérial émané à cet effet.

1re Partie de la Dette Publique garantie pour le Tribut d'Egypte.

DETTE.			AFFECTATIONS.		
		Total.			Total.
		Livres Turques.		Livres Turques.	Livres Turques.
Service des annuités de l'Emprunt 1854 :—	Lg.		Tribut d'Egypte—		
Au 10 Octobre, 1876 ..	153,695		Montant primitif du tribut ..	750,000·00	
Au 10 Avril, 1877 ..	54,009		Tribut du Port de Zeila ..	15,000·00	
	207,704			765,000·00	
Portion payable en titres ..	103,550		A déduire—		
	104,154		Plusieurs pensions de retraite allouées *ab antiquo* ..	3,838·44	
Commission	1,035·19·06			761,161·56	
	101,589·19·06				
(Soit à p. 109·19 = p. 11,449,988).		114,499·88			
Service des annuités de l'Emprunt 1855 :—	Lg.				
Au 1 Août, 1876	175,335·11·02				
Au 1 Février, 1877 ..	71,356·02·09				
	246,691·13·11				
(Soit à p. 109·19 = p. 27,334,998).		273,349·98			
Service des annuités de l'Emprunt 1858 :—	Lg.				
Au 1 Septembre, 1876 ..	107,685				
Au 1 Mars, 1877	242,385				
	350,070				
Portion payable en titres ..	175,030				
	175,040				
Commission	2,288·05·06				
	177,328·15·06				
Différence (si le tribut d'Egypte n'est insuffisant à couvrir l'on a dû porter au compte des emprunts garantis par d'autres revenus	37,317·09·00				
	139,781·06·06				
(Soit à p. 109·19 = p. 15,302,500).		153,025·60			
Service des annuités de l'Emprunt 1871 :—	Lg.				
Au 10 Avril, 1876 ..	165,519·16·00				
Au 10 Octobre, 1876 ..	235,479·16·00				
	398,999·12·00				
Portion payable en titres ..	199,499·06·00				
	199,499·12·00				
Commission	1,994·19·10				
	201,494·11·10				
(soit à p. 109·19 = p. 22,058,810).		220,586·10			
		761,161·56			761,161·56

2e partie de la Dette Publique garantie par les Revenus des Douanes et par le produit des Dîmes et de la Taxe sur les Moutons.

DETTE.			AFFECTATIONS.		
		Total.			Total.
		Livres Turques.			Livres Turques.
Services des annuités de l'Emprunt 1860 :—	Fr.				
Au 1 Juillet, 1876 ..	1,734,225				
Au 1 Janvier, 1877 ..	1,734,195				
	3,468,420				
Portion payable en titres ..	1,735,210				
	1,733,210				
Commission	36,681				
	1,770,894				
(Soit à p. 86·27 = p. 7,67[illegible],613).		76,736·13			
Service des annuités de l'Emprunt 1862 :—	Lg.				
Au 1 Juillet, 1876 ..	320,077				
Au 1 Janvier, 1877 ..	319,999				
	640,076				
Portion payable en titres ..	320,038				
	320,038				
Commission	4,000				
	324,038				
(Soit à p. 107·19 = p. 35,471,060·20).		354,710·60·20			
Services des annuités de l'Emprunt 1863 :—	Fr.				
Au 1 Juillet, 1876 ..	5,990,750				
Au 1 Janvier, 1877 ..	5,997,000				
	11,987,750				
Portion payable en titres ..	5,993,875				
	5,993,875				
Commission	75,000				
	6,068,875				
(Soit à p. 86·27 = p. 26,300,986·23).		263,009·80·20			
Service des annuités de l'Emprunt 1864 :—	Fr.				
Au 1 Juillet, 1876	2,014,875				
Au 1 Janvier, 1877 ..	2,030,875				
	4,045,750				
Portion payable en titres ..	2,017,875				
	2,017,875				
Commission	25,000				
	2,042,875				
(Soit à p. 86·27 = p. 8,853,310).		88,533·10			
Service des annuités de l'Emprunt 1865 :—	Fr.				
Au 1 Juillet, 1876 ..	6,325,875				
Au 1 Janvier, 1877 ..	6,329,339				
	12,655,250				
Portion payable en titres ..	6,332,625				
	6,332,625				
Commission	50,000				
	6,280,625				
(Soit à p. 86·27 = p. 27,660,701).		276,607·01			
Service des annuités de l'Emprunt 1869 :—	Fr.				
Au 1 Octobre, 1876 ..	19,141,000				
Au 1 Avril, 1877	19,140,750				
	38,280,750				
Portion payable en titres ..	19,140,375				
	19,140,375				
Commission	191,403·75				
	19,039,828·75				
(Soit à p. 86·27 = p. 85,114,197·20).		851,141·97			
			Contributions Indirectes :—	L. T.	
			Douanes	2,056,165	
			Tabacs	1,053,000	
			Soies	53,580	
			Spiritueux	204,305	
			Timbres	201,500	
			Salines	108,490	
			Droits de passage	18,540	
			,, pêche	33,350	
				3,250,940	3,900,000
			A déduire—		
			Frais et traitements administratifs; paiements d'anciens Séliums; drawbacks; et compensations allouées aux caisses des Vilayets de Crète, de Yémen, du Hedjaz, du Liban et de Scutari (d'Albanie) ..	1,950,940	
				1,300,000	
			Taxes sur les Moutons des Vilayet ci-après :—		
				Montant affecté.	Montant Budgétaire.
				L. T.	L. T.
			Vilayet—		
			D'Aïdin	102,330	102,330
			De Salonique ..	141,860	141,860
			De Syrie	42,890	42,890
			Ile de Chypre ..	9,750	9,750
			Vilayet—		
			De Brousse ..	77,360	77,360
			Du Danube ..	326,450	326,450
			De Konieh	32,460	32,460
			De Monastir ..	112,320	112,320
			D'Andrinople ..	220,100	220,100
			De Castamboul ..	36,240	36,240
			De Tchéhzonde ..	6,280	16,130
			D'Angora	27,770	27,770
			De Smyrne	146,130	146,130
				1,302,560	

Dette.		Total.	Affectations.		Total.
		Livres Turques.			Livres Turques.
Report			Report		5,202,600
Service des Annuités de l'Emprunt 1872 :—					
	Lg.				
Au 13 Juillet, 1876 ..	1,361,777				
Au 13 Janvier, 1877 ..	323,629				
	1,685,406				
Portion payable en titres ..	842,703				
	842,703				
(Soit à p. 109·19 = p. 32,254,911).		922,649·11			
Service des annuités de l'Emprunt 1873 :—					
	Lg.				
Au 1 Octobre, 1876 ..	745,851·12				
Au 1 Avril, 1877 ..	746,034·00				
	1,491,885·12				
Portion payable en titres ..	745,942·00				
	745,942·16				
Commission	7,460·05				
	753,403·01				
(Soit à p. 109·19 = p. 82,477·38).		824,787·98			
Partie des annuités de l'Emprunt 1858 non couverte par le tribut d'Egypte	Lg. 37,517·09				
(Soit à p. 109·19 = p. 4,110,502).		41,105·07			
Service des Obligations à primes des chemins de fer de Roumélie :—					
			Dimes des Vilayet ci-après :—		
				Montant affecté.	Montant Budgétaire.
				L. T.	L. T.
1876	Fr.	Soit L. T.	Vilayet—		
1 Avril	12,335,500	534,589·73	D'Aïdin	300,000	469,470
1 Juin	920,000	39,870·50	De Salonique ..	300,000	359,310
1 Août	520,000	22,535·50	De Brousse	250,000	403,170
1 Octobre ..	12,747,100	552,127·41	De Danube ..	262,450	1,031,530
1 Décembre ..	520,000	22,535·50	D'Andrinople ..	325,000	883,930
1877			De Castambol ..	50,000	204,350
1 Février ..	940,000	40,737·25	De Castiah	100,000	250,420
	27,982,600	1,212,695·92	D'Alep	60,000	139,330
			De Sivas	50,000	219,480
	En Espèce.	En Titres.	D'Adana	50,000	120,540
			D'Angora	50,000	152,880
1876	L. T.	L. T.		1,797,400	
1 Avril	267,294·87	267,294·86			
1 Juin	19,935·25	19,935·26			
1 Août	11,267·75	11,267·75			
1 Octobre ..	276,213·72	276,213·72			
1 Décembre ..	11,267·75	11,267·75			
1877.					
1 Février ..	20,368·62	20,369·02			
	606,347·96	606,387·95			
Service des Intérêts de la Dette Générale 5 pour cent Consolidés :—					
1876	Lg.	Soit L. T.			
Au 1 Juillet ..	1,764,745·10	1,941,222			
1877					
Au 1 Janvier ..	1,764,745·10	1,941,222			
	3,529,491·00	3,882,444			
	En Espèces.	En Titres.			
1876	L. T.	L. T.			
Au 1 Juillet ..	970,611	970,611			
1877					
Au 1 Janvier ..	970,611	970,611			
	1,941,222	1,941,222			
Montant approximatif des intérêts payables dans le courant de l'exercice 1292 sur les nouveaux titres à remettre en remboursement de la moitié des annuités de la Dette Publique ..		228,033·98			
		6,474,823·88			
Ressource supplémentaire appliquée au service de la Dette Publique pour faire face aux retards éventuels qui viendrait à se produire dans l'encaissement des revenus y affectés, bien qu'on ait lieu d'en espérer la réalisation en temps opportun		525,176·12			
		7,000,000			7,000,000

Echéances dont la Provision devra être effectuée le 1er Février, 1876, au moyen des Crédits inscrits au Budget de la même année, déduction faite de la Partie payable en Titres, suivant le Décret du 6 Octobre, 1875.

Dette.		Total.	Affectations.		Total.
		Livres Turques.		L. T.	Livres Turques.
Montant de l'échéance du 1 Avril, 1876, de l'Emprunt 1869 :—			Arriérés des revenus affectés à la Dette Publique ..	1,993,076·67	
	Fr.		Solde laissé au Trésor ..	1,137,693·74	
Intérêts et amortissement.	19,137,500			855,382·93	855,382·93
Moitié payable en titres .	9,718,750				
	9,718,750				
Commission ..	97,187·50				
	9,815,937·50				
(Soit à p. 80·27 = p. 42,539,819).		425,393·19			
Montant de l'échéance du 1 Avril, 1876, de l'Emprunt 1873 :—					
	Lg.				
Intérêts et amortissement.	777,761				
Moitié payable en titres .	388,881				
	388,881				
Commission ..	3,888·16				
	392,769·16				
(Soit à p. 109·19 = p. 42,998,474).		429,988·74			
		855,382·93			855,382·93

No. 15.

Lord Tenterden to the Secretary to the Treasury.

Sir, *Foreign Office, March* 25, 1876.

I AM directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury for any observations they may have to offer thereon as regards the Guaranteed Loan of 1855, a copy of a despatch from Her Majesty's Ambassador at Constantinople,* inclosing a copy of a letter from the Imperial Minister of Finance to the Ottoman Bank, specifying the revenues to be assigned exclusively to the service of the Public Debt of Turkey.

I am, &c.
(Signed) TENTERDEN.

No. 16.

The Earl of Derby to Sir H. Elliot.

(No. 173.)
Sir, *Foreign Office, March* 26, 1876.

HER Majesty's Government approve the language held by your Excellency to Mr. Palmer, as reported in your despatch No. 256 of the 4th instant, on the subject of the proposal he had submitted to the Porte respecting the loans guaranteed by the Egyptian tribute, a part of which proposal related to the reduction of the sinking funds and included the Guaranteed Loan of 1855 amongst those to be subjected to that operation.

I am, &c.
(Signed) DERBY.

No. 17.

Sir H. Elliot to the Earl of Derby.—(Received March 27.)

(No. 208.)
My Lord, *Constantinople, March* 20, 1876.

GREAT doubt is felt of the payment of the April dividends on the Public Debt.

Of the 1,100,000*l.* required not more than 400,000*l.* are actually in hand, and a similar amount is promised upon a mortgage upon public domains.

Some of the local financiers are endeavouring to raise the balance, but their success is problematical.

The proposal of Messrs. Rose, Staniforth and Dumanoir for the unification of the different debts was submitted this morning to the Grand Vizier, but I am not yet acquainted with the details of it.

An Austrian proposal, involving, I am told, the farming of a portion of the public revenues, has also been brought forward.

The pressing necessities of the Porte are so great that there is a danger that, of all the schemes which have to be examined, the preference may be given to the proposals of the parties who promise most immediate relief rather than to those most likely to be of permanent benefit to the finances.

I have, &c.
(Signed) HENRY ELLIOT.

No. 18.

Sir H. Elliot to the Earl of Derby.—(Received March 27, at night.)

(Telegraphic.) *Constantinople, March* 27, 1876, 6 P.M.

FINANCIAL proposal made by Sir P. Rose, Mr. Staniforth, and the French Delegate, who seem to have come to an understanding with Mr. Palmer, is very favourably viewed by the Porte, although no decision has yet been come to.

* No. 14.

An Austrian proposal, believed to be supported by Count Andrassy, is considered quite unacceptable.

According to it a Company would become the farmers of the public revenues, and the arrangement would be guaranteed by the Six Powers.

No. 19.

Mr. Hamond, M.P., to the Earl of Derby.—(Received March 28.)

My Lord, *Westminster Palace Hotel, March* 27, 1876.

I HAVE the honour to forward to your Lordship the inclosed protest against the tableau of the Sublime Porte, published in the papers of the 18th instant, regarding the debt and securities of Turkey, and to ask your Lordship to be good enough to forward the same to Sir H. Elliot for presentation to his Highness the Grand Vizier.

I have, &c.
(Signed) CHAS. FRED. HAMOND,
Chairman of the United Committee of Turkish Bondholders in England, and for and on behalf of the Committees of Turkish Bondholders in Vienna and Belgium.

Inclosure in No. 19.

Mr. Hamond, M.P., to Mahmoud Pasha.

Your Highness, *Westminster Palace Hotel, March* 23, 1876.

WITH reference to the tableau of the public debt lately published under your authority by the press, I hereby beg to enter my protest against the same on behalf of the General United Committee of all classes of Turkish Bondholders in England, of which I am the Chairman, and also on behalf of the Turkish bondholders of Austria and Belgium, and I make this protest for the following reasons:—

1st. It is in direct violation of the Iradé of the 6th October last, and of the Circular of his Excellency Safvet Pasha of the 7th October, explaining the same, and which pledges the Egyptian tribute for the payment (as far as it may go) of the half interest and sinking fund of the debt of Turkey, whereas under the tableau lately published the sum of 249,691*l.* is taken from the Egyptian tribute and applied towards the payment of the interest and sinking fund of the Guaranteed Loan of 1855, which is not included in the Iradé.

2ndly. That the taxes and duties to be hypothecated for the future to the punctual payment of the half interest and sinking fund were under the said Circular of the 7th October to consist of the total receipts from the Customs from salt and tobacco and the Egyptian tribute, and in case the aforesaid were insufficient the Government would have to supplement them from the sheep tax revenues. That in the aforesaid tableau a very considerable portion of these taxes are excluded, and others of a more questionable and undecided character are substituted, such as tithes, &c., and these render the security more precarious and uncertain.

3rdly. That by the Iradé of the 6th October, the Circular of his Excellency Safvet Pasha of the 7th, and the letter of the 6th January of his Highness the Grand Vizier addressed to the Ottoman Bank, the bondholders had to appoint a syndicate to receive their hypothecated revenues and to act in co-operation with the Ottoman Bank; but by the tableau just published, the Sublime Porte have already nominated four of this syndicate, and ignore all its creditors excepting those of Paris and London.

For these and other reasons I beg most respectfully to make this solemn protest to your Highness without prejudice in any way to the scheme now under the consideration of the Sublime Porte, called the "Hamond scheme."

I have, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman*, &c.

No. 20.

Sir H. Elliot to the Earl of Derby.—(Received March 28, at night.)

(Telegraphic.) *Constantinople, March* 28, 1876, 6 P.M.

THERE is no longer any chance that the April dividend debt can be paid when due.

No. 21.

Sir H. Elliot to the Earl of Derby.—(Received April 3, at night.)

(Telegraphic.) *Constantinople, April* 3, 1876.

THE payment of the dividends on the loans of 1860 and 1871, and of the Roumelian Lottery Loan, which were due on the 1st instant, is deferred to the 1st of July, when it will be paid with interest at six per cent.

No. 22.

Lord Tenterden to Mr. Hamond, M.P.

Sir, *Foreign Office, April* 7, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 27th ultimo, inclosing a copy of a protest against the financial statement published by the Turkish Government in the papers of the 18th instant, and I am to inform you in reply that his Lordship will send a copy of your protest to Her Majesty's Ambassador at Constantinople, but that he cannot instruct his Excellency to present it to the Grand Vizier.

I am, &c.
(Signed) TENTERDEN.

No. 23.

Sir H. Elliot to the Earl of Derby.—(Received April 7.)

(No. 308.)
My Lord, *Constantinople, March* 27, 1876.

I HAD the honour to forward to your Lordship this day at 6 P.M. the following telegram in cypher:

"The financial proposal made by Sir Philip Rose, Mr. Staniforth, and the French delegate, who seem to have come to an understanding with Mr. Palmer, is very favourably viewed by the Porte, although no decision has yet been come to.

"An Austrian proposal, believed to be supported by Count Andrassy, is considered quite unacceptable.

"According to it, a Company would become the farmers of the public revenues, and the arrangement would be guaranteed by the six Powers."

I have, &c.
(Signed) HENRY ELLIOT.

No. 24.

Sir H. Elliot to the Earl of Derby.—(Received April 7.)

(No. 309.)
My Lord, *Constantinople, March* 27, 1876.

I LEARN that the proposal made by Sir Philip Rose, Mr. Staniforth, and M. Dumanoir, the French Delegate, for the unification of the Turkish debt, has been favourably received by the Porte, although no decision has as yet been come to upon it.

These gentlemen seem to have come to an understanding with Mr. Palmer, who is here as the representative of the bondholders of the Tribute Loans.

Other projects have been submitted to the Government, the most serious of them being one brought from Vienna by M. Schenck, and understood to be supported by Count Andrassy.

Before, however, explaining his proposal to the Porte, he has required its acquiescence in preliminary conditions, which are regarded as entirely unacceptable.

These conditions are that the whole of the revenues to be devoted to the payment of the interest should be farmed by the Company which it is proposed to form, and that the arrangements between the Porte and the Company should have some guarantee from the Governments of the six Powers.

I have, &c.
(Signed) HENRY ELLIOT.

No. 25.

Sir H. Elliot to the Earl of Derby.—(Received April 7.)

(No. 310. Confidential.)
My Lord, *Constantinople, March* 27, 1876.

RASCHID PASHA shows much surprise that a project, such as the one I have mentioned in my preceding despatch, should receive any countenance from Count Andrassy.

That, so shortly after being formally required to abandon the system of farming the taxes, the Porte should be invited again to inaugurate it upon a far more extended scale than before, was an inconsistency for which he could not account.

I am not aware of the grounds which may exist for believing the proposal to be supported by the Austro-Hungarian Government, but Count Zichy is certainly prepossessed in its favour, and, I understand, allowed Mr. Schenk to be accompanied by one of his dragomans on his first visit to the Porte.

As far as I can judge from Raschid Pasha's language, there does not appear to be a chance of the basis being accepted by the Porte, which, independently of its unwillingness to re-establish in favour of a foreign company the farming system just abolished, would have an invincible repugnance to give an international character to any arrangement to be come to.

I have, &c.
(Signed) HENRY ELLIOT.

No. 26.

Sir H. Elliot to the Earl of Derby.—(Received April 7.)

(No. 314. Confidential.)
My Lord, *Pera, March* 28, 1876.

I LEARN confidentially that, at a Council of Ministers held yesterday, there was a warm discussion upon the course to be followed in consequence of the inability of the Government to meet the dividend of the debt due on the 1st April.

The Grand Vizier and the majority of his colleagues were in favour of merely deferring the payment till the receipt of the money from several large sources of revenue which will come in within the next few weeks, shall make it possible to provide for the dividend, while the minority, headed by the Minister of Finance, advocated its total repudiation.

I have, &c.
(Signed) HENRY ELLIOT.

No. 27.

Sir H. Elliot to the Earl of Derby.—(Received April 7.)

(No. 318.)
My Lord, *Constantinople, March* 28, 1876.

MR. STAB, the Agent of the Council of Foreign Bondholders, called upon me yesterday morning, and spoke in much alarm of the probable acceptance by the Porte

of the proposition made by Sir Philip Rose, Mr. Staniforth, and M. Dumanoir, for the unification of the Turkish debt.

He begged me to make the Grand Vizier understand that the adoption of this project would create the utmost indignation among the bondholders, not only in England, but in all other countries, who had almost unanimously accepted Mr. Hamond's scheme, and did not recognize Messrs. Rose and Staniforth as representing them or their interests.

Their object was, he said, purely personal, and he understood that they would secure a commission to the amount of 4,000,000*l.* to those who put the unification into effect.

I told him upon this, as upon former occasions, that I must decline to move at all in the business, and that the unfortunate disagreement among the British bondholders made it impossible for me to give even unofficial support to either of their sections.

I had received from his opponents warnings exactly similar to those he had just given me, for they had repeatedly declared to me that Mr. Hamond was not to be regarded as the representative of any large class of bondholders, and I could not take upon myself to decide which statement was correct.

I have, &c.
(Signed) HENRY ELLIOT.

No. 28.

Mr. Hamond, M.P., to Lord Tenterden.—(Received April 10.)

My Lord, *Westminster Palace Hotel, April 8, 1876.*

I RECEIVED yesterday the 7th your Lordship's letter of the 6th, in answer to mine of the 27th March last, informing me that while Lord Derby will forward my Protest (made on behalf of the English, Austrian and Belgian Bondholders of Turkish Debt against the Tableau of the Porte, published in the papers of the 18th) to Sir Henry Elliot, yet he will be instructed not to present it to his Highness the Grand Vizier.

As my only object in transmitting this Protest to Lord Derby was to obtain for it (and which its importance demanded) the same unofficial support which is so freely being accorded to others who do not possess the authority of the bondholders to act for them, may I therefore take the liberty of asking the grounds upon which I am refused the request I have made on behalf of bondholders representing 120,000,000*l.* sterling, or two-thirds of the debt of Turkey.

I have, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman*, &c.

No. 29.

Sir H. Elliot to the Earl of Derby.—(Received April 11.)

(No. 338.)
My Lord, *Constantinople, April 3, 1876.*

I HAVE the honour to inclose the copy of a Notification, issued by the Porte, of the postponement to the 1st of July of the dividends on the Loans of 1869 and 1871, and of the Roumelian Railway Lottery Loan, which were due on the 1st instant.

Interest upon these dividends at the rate of 6 per cent. will be paid upon them at the same time.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 29.

Extract from "La Turquie" of April 3, 1876.

UN Tableau dressé par le Ministère Impérial des Finances, communiqué en copie à la Banque Impériale Ottomane et publié dernièrement, en vertu d'un Iradé de Sa Majesté Impériale le Sultan, indiquait les annuités de la Dette Publique Ottomane et

les revenus y affectés pendant l'exercice 1292. Ainsi qu'il résulte de l'Appendice de ce Tableau, la partie du service, payable en espèces, des Emprunts 1869 et 1873, échéant le 1er Avril courant, soit 859,000 et tant de livres, devra être remboursée au moyen des arriérés actuellement en voie de réalisation des revenus de l'année 1291, qui s'élèvent à 2,000,000 de livres; de même les annuités et les primes des obligations des chemins de fer de Roumélie échéant à la même date, et montant à 267,000 et tant de livres, devront être prélevées, suivant le dit Tableau, sur les contributions directes et autres revenus de l'Empire, de l'année courante.

Par suite de circonstances locales, de force majeure, et de la dépréciation des produits agricoles, l'encaissement des arriérés en question a dû naturellement subir des retards. En outre, le système suivi dans la gestion des finances de l'Empire ne saurait permettre qu'en attendant ces encaissements on ait recours à des emprunts onéreux; et bien que les fonds nécessaires au service des obligations des chemins de fer soient déjà réalisés, cependant le terme de l'envoi de ces fonds en Europe est déjà expiré. En conséquence, il a été décidé que le payement de la partie en espèces du service des Emprunts 1869 et 1873, ainsi que des obligations des chemin de fer de Roumélie sera différé jusqu'au 1er Juillet prochain.

En attendant, le Gouvernement Impérial avise aux moyens d'arriver pour le service de la Dette Publique Ottomane à une combinaison sérieuse offrant toutes les garanties voulues pour sauvegarder d'une manière permanente les intérêts des détenteurs. Le public doit être en même temps certain que la partie payable en espèces du service semestriel, échu le 1er Avril courant, sera dans tous les cas immanquablement remboursé au 1er Juillet prochain, avec les intérêts de retard calculé au taux de 6 pour cent l'an.

On vient de lire la communication officielle par laquelle le Gouvernement annonce que le payement des coupons d'Avril est ajourné au prochain mois de Juillet. La rentrée des revenus spéciaux affectés à ce service ne coïncidant pas avec l'époque de l'échéance, le Gouvernement a préféré un ajournement à un emprunt temporaire qui, dans les circonstances actuelles, ne pouvait être qu'onéreux pour le Trésor. Néanmoins les porteurs de titres reçoivent, en compensation, un intérêt de 6 pour cent, qu'ils toucheront, au mois de Juillet, en même temps que le coupon différé.

On sait que la Sublime Porte s'occupe sérieusement de la réforme financière sur laquelle toute discussion serait aujourd'hui inopportune et prématurée. De louables efforts sont faits pour arriver à une combinaison qui donne satisfaction à tous les intérêts. Nous croyons que dans cette œuvre d'utilité générale les considérations personelles doivent s'effacer. L'intérêt de tous exige une solution qui sera d'autant plus efficace, qu'elle sera plus prompte.

No. 30.

Mrs. Mackler to the Earl of Derby.—(Received April 12.)

2, *Grendon Villas, Teignmouth, South Devon,*
My Lord, *April 11, 1876.*

I THANK you most sincerely for your last kind reply to my communication, and I now earnestly entreat you to help us in getting justice done to the bondholders of the Egyptian Tribute Loan of 1854.

I venture to point out to you that there are no financial difficulties whatever in the case of the tribute Loans. The money is in the Bank of England to the full amount of the coupons, due to-day; and I merely ask that my Government will protect me as a tribute bondholder, from the acts of a foreign Government which attempts to rob me in this country, or threatens piracy if I do not yield up half my property, by which I should entirely invalidate the security I hold.

This is a simple statement of the facts. I saw Musurus Pasha on the 5th of this month, and he distinctly told me that if I enforced my right to my own money, now in the Bank of England (and he admitted I could do so by the Court of Chancery), this was the last time the tribute would come to England, in spite of existing engagements. I cannot believe the Governments of England and France will permit this threat to be carried into execution, and thereby tacitly concur in the spoliation of the tribute bondholders proposed by the Turkish Government, when it places the 1855 Loan at first charge upon the tribute. The Chancellor of the Exchequer stated in the House, on the 17th of last February, that the interest on the 1855 Loan would only be paid after the interest on the first (the 1854) was paid in full; and if it be attempted

to divert the tribute, it can only be with the view of arriving at this end by other means, which policy could only be successful by the connivance of our Government. The tribute for the 1854 Loan was irrevocably assigned to us; and I rely, my Lord, on our Government to see that I am not forcibly plundered and ruined. I am compelled, by the force of financial circumstances, to bring the cruel hardship of my case before your Lordship.

I am, &c.
(Signed) CLARA ISABELLA MOCKLER.

No. 31.

Lord Tenterden to Mr. Hamond, M.P.

Sir, *Foreign Office, April* 12, 1876.

I HAVE laid before the Earl of Derby your letter of the 8th instant, inquiring on what grounds Her Majesty's Ambassador at Constantinople was not instructed to present your protest to the Grand Vizier, and I am to inform you in reply that the presentation of this protest through Sir H. Elliot would be a diplomatic action in excess of any unofficial support which Her Majesty's Government can afford to the Ottoman bondholders.

I am, &c.
(Signed) TENTERDEN.

No. 32.

The Earl of Derby to Sir H. Elliot.

(No 202.)
Sir, *Foreign Office, April* 12, 1876.

HER Majesty's Government approve the reply which your Excellency returned to Mr. Stâb respecting the action taken by Messrs. Rose and Staniforth and M. Dumanoir for the unification of the Turkish debt, as reported in your despatch No. 318 of the 28th ultimo.

I am, &c.
(Signed) DERBY.

No. 33.

Lord Tenterden to Mrs. Mockler.

Madam, *Foreign Office, April* 13, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 11th instant respecting the Ottoman Loan of 1854.

I am, &c.
(Signed) TENTERDEN.

No. 34.

Sir H. Elliot to the Earl of Derby.—(Received April 13, at night.)

(Telegraphic.) *Constantinople, April* 13, 1876.

YUSSUF PASHA, Minister of Finance, has been replaced by Chalib Bey.

No. 35.

Sir H. Elliot to the Earl of Derby.—(Received April 14.)

(No. 352.)
My Lord, *Pera, April* 7, 1876.

SIR PHILIP ROSE and Mr. Staniforth informed me last night that they have now every expectation of succeeding in their scheme for the unification of the Turkish

Debt upon conditions which they are convinced will be regarded as highly satisfactory by the bondholders in general.

Difficulties arising out of certain encroachments upon the privileges of the Imperial Ottoman Bank appear to be removed, and that establishment has given its consent to the project.

The great temptation to the Government to accede to the proposal has lain in their desire to be relieved from the crushing weight of a floating debt amounting to fully 18,000,000*l.* sterling, upon a portion of which they are now understood to be paying about 30 per cent., and which will be funded with the rest.

The basis of the scheme lies in the formation of a Society nominally charged with receiving certain branches of the revenue, but which are, in fact, to be farmed to it, although the expression is avoided, and the receipts of which are to be retained exclusively for the service of the debt.

The Customs, salt, tobacco, and a portion of the tithes are those, I believe, which will be made over to the Society.

There is not a doubt that the receipts from all those sources may be very largely increased by an intelligent administration, which the Government have shown themselves incapable of introducing, and that the collection of the revenues under officers depending upon a Society will not be accompanied by the abuses which prevailed under the ordinary tithe farmers.

The security to the bondholders for the payment of their interest will be greatly improved, but the creation of this *imperium in imperio* by making over to a private Society the collection of about half of the public revenues, is a measure which cannot be seen without anxiety and which, certainly, nothing but the sternest necessity would justify.

It is likely, I imagine, to be seen with general dissatisfaction by the Turkish public.

I have, &c.
(Signed) HENRY ELLIOT.

No. 36.

Sir H. Elliot to the Earl of Derby.—(Received April 14.)

(No. 369. Confidential.)
My Lord, *Constantinople, April* 12, 1876.

I HAVE the honour to transmit to your Lordship a confidential report from Mr. Sandison of a conversation which the Grand Vizier had had with the Sultan upon the financial affairs of the Empire.

The Sultan is known to be very desirous that the scheme for the unification of the debt upon which the Grand Vizier is occupied with Sir Philip Rose and Mr. Staniforth should be carried out; but it is very generally whispered that His Majesty's anxiety upon the subject is not entirely disinterested.

The belief is that there is an understanding that His Majesty shall receive 1,000,000 of the proposed 6 per cent. stock upon the arrears of the amount owing to him for the Civil List, which will be regarded as part of the floating debt proposed to be funded.

The supposition may be calumnious; but the manner in which it is universally accepted gives evidence of the estimate which the people have formed of their Sovereign, against whom their language becomes daily more decided.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 36.

Mr. Sandison to Sir H. Elliot.

(Confidential.)
Sir, *Pera, April* 8, 1876.

THE Grand Vizier having taken occasion to lay once more before the Sultan the unsatisfactory state of the country and the financial situation in particular, His Majesty expressed great anxiety on this last score, and told his Highness to spare no

efforts which could re-establish the credit of the Empire. Mere promises to fulfil the pecuniary engagements of the Government having, it was argued, entirely failed to satisfy the European bondholders, nothing short of solid guarantees were now calculated to restore the general confidence in regard to the finances. This, his Highness submitted, could not be brought about except by means of the scheme which has of late been under the consideration of the Porte.

The Imperial Iradé for the unification of the public debt, which forms part of the scheme, having already been granted, there still remained, his Highness said, the more important question of the guarantees demanded by the promoters of the scheme, to which His Majesty gave thereupon his ready consent.

These, as your Excellency is already aware, consist 1st, of a portion of the tithes of the Empire; 2nd, of the general revenues of the Customs; 3rd, of the duty on salt and tobacco; and lastly, of the Egyptian tribute. With the exception of this last item, which will as hitherto be paid into the Bank of England, all the other revenues in question shall be surrendered, for a term of thirty years, to the "Société Fermière," proposed by Mr. Staniforth, Scouludi and Company, against the annual interest due on the public debt, amounting to nearly 8,000,000*l.*

Although the Porte shall for the future cease to have any right or claim whatever to these revenues, still in order to save its dignity, they shall, according to the old practice, be set up to auction by the Government and ceded to such "Multézims" (farmers of the revenues) as shall be designated by the "Société Fermière," on whose behalf they shall be farmed out.

Under this arrangement it will be the Multézims themselves who shall as heretofore have to collect the revenues from the population and remit by instalments to the "Société Fermière" the amount of their liabilities, which the "Société" in its turn shall pay into the Imperial Ottoman Bank for transmission to the various Syndicates appointed by the bondholders in Europe, to whom the "Société Fermière" shall hold itself responsible for the punctual payment in full of the interest on the public debt.

The Société Fermière is to have a nominal capital of 3,600,000*l.* for helping agricultural development, and for other purposes; and shall be placed under a Board of Directors at Constantinople, at which the Government and the Imperial Ottoman Bank shall be represented also.

Although full repudiation of the interest on the public debt for an indefinite term has been advocated by some members of the Ministry, the Grand Vizier felt no hesitation in strongly opposing the notion; and he now hopes that the direct and solid guarantees offered to the bondholders in general by the scheme he is about to carry out may ultimately re-establish the financial credit of the country.

The Sultan, in concluding the conversation on this subject with the Grand Vizier, showed much concern and anxiety about what his Highness had repeated to him in reference to the general condition of the country, and the state of public feeling. His Majesty said that no efforts should be spared to rescue it from its present situation; and gave his Highness full authority to dismiss from the Ministry any of its members who should happen to oppose the programme of the existing administration. His Highness replied that his task was a very arduous one, having to struggle with matters of the highest importance, such as the finances, the insurrection, and the reforms; he would venture to recommend no ministerial changes, so long as he could rely on the sincere and active co-operation of his colleagues. He was certainly far from being infallible, and he consequently begged His Majesty would condescend to consult also the views of any Minister or Ministers in whom he was pleased to place confidence, and prescribe any line of policy that might be more conducive to the improvement of the general situation, which at any rate required the united efforts of the whole administration.

I have, &c.
(Signed) A. SANDISON.

No. 37.

Sir H. Elliot to the Earl of Derby.—(*Received April* 28.)

(No. 374.)
My Lord, *Constantinople, April* 13, 1876.

THE nomination of Ghalib Pasha as Minister of Finance in the place of Yussuf Pasha is officially announced.

It indicates the determination of the Grand Vizier to carry out the operation

proposed by Sir Philip Rose and Mr. Staniforth for the unification of the Turkish debt, to which the late Minister was opposed.

His Excellency was, I believe, of the opinion, shared in by many others, that by alienating in favour of a society for the service of the debt such a large proportion of the public revenue, enough would not remain for the imperative necessities of the State.

According to the estimates I have heard given, there would not remain 10,000,000*l.* to meet the requirements of the whole administration of this vast Empire.

I have, &c.
(Signed) HENRY ELLIOT.

No. 38.

Sir H. Elliot to the Earl of Derby.—(*Received April* 28.)

(No. 392.)
My Lord, *Constantinople, April* 18, 1876.

I HAVE the honour to forward to your Lordship the accompanying copy of a letter from Captain Stab, Agent at Constantinople for the Council of Foreign Bondholders, inclosing a copy of a notarial declaration which states that Sir Philip Rose and Mr. Staniforth do not represent the general body of Turkish bondholders.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure 1 in No. 38.

Captain Stab to Sir H. Elliot.

Committee of Turkish Bondholders, Council of Foreign Bondholders,
Constantinople, April 14, 1876.

Sir,

HEREWITH I beg to communicate to your Excellency copy of a notarial declaration I have received from London, the original of which I have transmitted to the Sublime Porte.

Your Excellency will gather from this document that Sir Philip Rose and Mr. Staniforth have no powers from nor do they represent the English holders of the various classes of Turkish stock.

I have, &c.
(Signed) S. STAB.

Inclosure 2 in No. 38.

Declaration of James Landon.

Committee of Turkish Bondholders, Council of Foreign Bondholders.

I, JAMES LANDON, of No. 91 Inverness Terrace, Bayswater, in the county of Middlesex, in that part of the United Kingdom called England, gentleman, do solemnly and sincerely declare as follows, that is to say:—

1. That a general public meeting of all classes of Turkish bondholders duly convened by the General Committee of Turkish Bondholders was held at the City Terminus Hotel, Cannon Street, in the City of London, on Thursday, the 24th day of February, 1876.

2. That the said meeting was attended by several hundred bondholders of the several classes of Turkish debts, the names of upwards of 300 of whom are recorded in the book containing the Minutes of the meeting.

3. That I was duly chosen at the said meeting to preside over the same, and did so preside at and act as Chairman of the said meeting.

4. That at the said meeting the following resolution was duly moved, seconded, and submitted to the meeting, viz.:—"That this meeting having heard from Mr. Hamond the result of his mission and the arrangements made by him with the Porte, hereby tender him their hearty and best thanks for his exertions, and cordially approve of the arrangements made as suggested by the Porte with regard

to all loans including the Treasury bonds, the general debt, and the lottery loan, and hereby authorize and request him to continue those services which have hitherto been so valuable to the interests of the whole body of bondholders."

5. That on the said motion being submitted it was carried by an immense majority, there being only twelve dissentients from the said resolution.

6. That in virtue of the said resolution Mr. Charles Frederick Hamond, Member of Parliament, became and still is the sole representative of the English bondholders, and as such authorized to continue his negotiations with the Sublime Porte.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of an Act made and passed in the 6th year of the Reign of His late Majesty King William the IVth, intituled "An Act to repeal an Act of the present Session of Parliament intituled 'An Act for the more effectual abolition of oaths and affirmations taken and made in various Departments of the State and to substitute declaration in lieu thereof, and for the more entire suppression of voluntary and extra-judicial oaths and affidavits, and to make other provisions for the abolition of unnecessary oaths.'"

(Signed) JAMES LANDON.

Declared and subscribed by the said James Landon, at No. 10 Moorgate Street, in the City of London, this 6th day of April, 1876.

Before me,

(Signed) W. GRAIN, *Notary Public.*

To all to whom these presents shall come I, William Grain, of the City of London, Notary Public, duly admitted and practising in pursuance of an Act of Parliament made and passed in the 6th year of the Reign of His Majesty King William the IVth intituled as mentioned and set forth in the foregoing declaration, do hereby certify that on the day of the date hereof personally came and appeared before me James Landon, named and described in the said foregoing declaration, and by solemn declaration which the said James Landon then made before me did solemnly and sincerely declare to be true the several matters and things mentioned and contained in the said declaration.

In faith and testimony whereof I have hereunto set my hand and seal of office, dated at London this 6th day of April, 1876.

In testimonium veritatis,

(L.S.) (Signed) W. GRAIN, *Notary Public.*

Vu au Consulat-Général de la Sublime Porte à Londres pour la légalisation de la signature d'autre part de M. W. Grain, Notaire Public de cette ville.

Londres, le 11 *Reb-el-eweil*, 1293, *de l'Hegira* (6 *Avril*, 1876).

Le Consul-Général,

(L.S.) (Signé) T. GADBAN.

No. 39.

Sir H. Elliot to the Earl of Derby.—(*Received June* 22.)

(No. 617.)

My Lord, *Therapia, June* 14, 1876.

WHILE Sir Philip Rose and Mr. Staniforth were here pressing their project for the unification of the Turkish public debt, it was often whispered that the adhesion of the late Sultan and his Grand Vizier had been secured to it by personal advantages guaranteed to themselves, although those gentlemen emphatically denied that there was any arrangement of the kind.

A document is however found to be in existence which reflects little credit upon any of those connected with it. It was sent to the present Grand Vizier, Mehemet Ruchdi Pasha, by the late Sultan, immediately on his nomination, and it proved to be an agreement under which, if the unification scheme was carried out, His Majesty should receive for himself a gratuity of 1,700,000*l.* of the new paper, or 1,000,000*l.* in gold, if he preferred it.

If anything could have added to the feelings with which the late Sultan and Mahmoud Pasha are now regarded, it would have been the discovery of this document.

I have, &c.

(Signed) HENRY ELLIOT.

No. 40.

Mrs. Mockler to the Earl of Derby.—(*Received July* 12.)

2, *Grendon Villas, Teignmouth, South Devon, July* 8, 1876.

My Lord,

I HAVE had to thank you before for your courteous replies to my former communications, therefore I need not remind your Lordship of the very distressing circumstances of my sad case. I venture now to solicit your support to Mr. Russell Gurney's motion that an appeal be made to the Crown on behalf of the 1854 Loan. Might I humbly remind your Lordship that the high motto "noblesse oblige" applies equally to your transactions in public life; and I cannot but believe that you will give your full support to the case in question, for although, financially, the Government have not pledged themselves to our Loan, morally they have decided claims upon the Government, and I appeal to the honour of its Ministers can our just claims be set aside, and a fraudulent preference given to the 1855 (the Government) Loan, as proposed by the late Turkish Government? I do not think such an arrangement of the Tribute could be tolerated, and thereby the Government become a consenting party to this most unjust measure. I rely, therefore, upon your Lordship's support.

I have, &c.

(Signed) CLARA ISABELLA MOCKLER.

No. 41.

Sir H. Elliot to the Earl of Derby.—(*Received July* 22.)

(No. 737.)

My Lord, *Therapia, July* 13, 1876.

I HAVE the honour to inclose the copy of an official communication to the local newspapers of the 10th instant, announcing the further postponement of the payment of the interest and sinking fund of the Turkish debt.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure in No. 41.

Extract from "La Turquie" of July 10, 1876.

LES circonstances actuelles obligent le Gouvernement Impérial à ajourner de nouveau le service du coupon et de l'amortissement de la dette publique intérieure et extérieure de l'Empire Ottoman.

Les mesures arrêtées par le Gouvernement Impérial, de concert avec la Banque Impériale Ottomane, pour l'encaissement des revenus destinés à assurer le service régulier de la dette publique, seront mises à exécution aussitôt que les causes qui en empêchent la réalisation auront cessé.

No. 42.

Lord Lyons to the Earl of Derby.—(*Received July* 25.)

(No. 575. Confidential.)

My Lord, *Paris, July* 24, 1876.

M. CHARLES MALLET, one of the principal bankers in Paris, came to me this afternoon, and said to me that he desired to ask my opinion, quite confidentially, upon an arrangement which had been suggested for relieving the pressing necessities of the Turkish Treasury, and thus preventing the Porte's having recourse to an issue of paper money.

M. Mallet said that the Porte urged that it was absolutely indispensable to it, in order to carry on its military operations, to procure a sum of 2,000,000*l.* sterling at once, and that if this sum was not advanced by European capitalists, paper money must be at once issued.

Now the credit of Turkey was, M. Mallet observed, at this moment at the lowest ebb. The Porte had hardly any branch of its revenue which it could assign as a security for a new loan, and after what had occurred no value whatever would be attributed to any such assignment. It was represented, however, that there were actual material possessions which the Porte might pledge. It had mines, it had forests, it had ironclads, it had the jewels of the late Sultan, it had what might be termed the Crown jewels, which were preserved in the Old Seraglio. Upon these securities it might be possible to raise a sum of 2,000,000*l.* sterling, if only the public were convinced that the pledges were placed in sure hands. For this purpose it was necessary that they should be made over to trustees, who should have the absolute control over them. But how was this to be managed? The jewels might indeed possibly be deposited in some bank; not so, however, the mines or the forests, and it might be difficult to take secure possession even of the ironclads. This being the case, it had been affirmed that a security of an international character might be given in order to convince capitalists that the right of the trustees would be respected under all circumstances. It had been thought that a sufficient guarantee would be given if the Porte were to announce officially to the Governments of Europe that it had made the pledges over to the trustees, and if the Governments were to answer that they took note of the announcement, and should make use of it in case of need ("en prendraient acte"). If this were done the 2,000,000*l.* might perhaps be raised. The terms would undoubtedly be very onerous, but the money might possibly be obtained. Anything would be better than an issue by the Porte of paper money. This would be a death blow to the hopes of the Turkish bondholders and complete the ruin of the finances of the Porte.

M. Mallet went on to say that his object in coming to me was to ask me what I thought would be the view taken by Her Majesty's Government of the arrangement he had sketched out. If it was regarded with absolute disfavour by Her Majesty's Government, there would be no use whatever, in his opinion, in going on with it; consequently he had not yet mentioned it either to the Due Decazes or any other member of the French Government.

He wished, first of all, to ascertain from me, privately and unofficially, how the plan would be looked upon in England.

He proceeded to ask me the following questions:—

1. The money being avowedly destined for the purchase of war material, and the promotion of warlike operations, would Her Majesty's Government consider that raising it in the mode suggested would be a breach of neutrality?

2. Would Her Majesty's Government be willing to receive the proposed announcement from the Porte, and to answer it and take note of it in the terms suggested?

3. Even if they were willing to receive the announcement themselves, would they object to its being made to other Governments, and received and acknowledged by those Governments?

I answered that, as far as my own opinion went, I could give no encouragement to the scheme.

In the first place I did not think it promised to be efficacious for the purpose intended. The two millions would not, I conceived, last very long; and when they were gone the Porte might again plead imperative necessity, and resort, after all, to an issue of paper money. Moreover, it seemed to me that it was very questionable whether taking, however informally, a step which was an essential condition to a loan being raised for war purposes could be considered compatible with strict neutrality. Lastly, I observed that experience had shown that, in cases of this kind, the fact of Her Majesty's Government standing aloof destroyed in the eyes of the public the value of the participation of other Governments.

These however were, I said, only my own opinions. I did not undertake to speak for Her Majesty's Government, and most certainly I could not take it upon myself to give any encouragement to M. Mallet to think that Her Majesty's Government would favour the scheme.

As I shall no doubt be spoken to again by M. Mallet on the subject, and shall very probably be applied to by other capitalists also, I shall be very much obliged if your Lordship will send me as soon as possible, and in case of need, by telegraph, instructions as to the language I should hold.

I have, &c.
(Signed) LYONS.

No. 43.

Mr. Lingen to Lord Tenterden.—(*Received July* 31.)

My Lord, *Treasury Chambers, July* 29, 1876.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Earl of Derby that they have received a letter from the Bank of England, stating that funds have not been provided by the Turkish Government to meet the charge of the Imperial Ottoman Guaranteed Loan (1855) which falls due on the 1st of August next.

I am to point out that if the money is not ready at the date named, it will be incumbent on the Guaranteeing Powers, Great Britain and France, under the Convention entered into between them and the Turkish Government, to make good to the Bondholders the amount of interest which they (the Bondholders) do not receive from the Turkish Government.

My Lords are prepared to make the necessary advance for that purpose, and they will then request Lord Derby to call on the French Government to repay a moiety of any such advance, and the two Guaranteeing Powers must formally represent the case to the Porte.

My Lords, however, feel sure that the Porte will not fail in the engagement which it has undertaken towards the Governments of Great Britain and France, and they lay the circumstances before the Secretary of State in full confidence that, on the facts being made known to the Porte no time will be lost in providing the amount of the dividend due on the 1st proximo.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 44.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, July* 31, 1876.

I HAVE the honour to state to your Excellency that Her Majesty's Government have been informed by the Bank of England that funds have not been provided by the Turkish Government to meet the charge of the Imperial Ottoman Guaranteed Loan of 1855, which falls due on the 1st of August next.

Your Excellency is aware that if the money is not ready at the date named, it will be incumbent on the Governments of Great Britain and France, the Guaranteeing Powers, under the Convention of July 27th, 1855, to make good to the Bondholders the amount of interest which the Bondholders do not receive from the Turkish Government.

I had the honour in January and February last to refer to the assurances received by Her Majesty's Ambassador at Constantinople from the Porte, and by myself from your Excellency, that the payment of the dividends due on the Loan of 1855 should be met without fail, and in bringing these circumstances to the knowledge of your Excellency, I do not hesitate to repeat that Her Majesty's Government earnestly trust that those assurances will be faithfully observed.

I have, &c.
(Signed) DERBY.

No. 45.

The Earl of Derby to Lord Lyons.

(No. 729. Confidential.)

My Lord, *Foreign Office, August* 1, 1876.

I HAVE received your Excellency's despatch No. 575, Confidential, of the 24th instant, reporting what had passed at an interview which your Excellency has had with M. Charles Mallet, a Paris banker, at which that gentleman entered into an exposition of a scheme which appears to have been entertained in some quarters for providing the Sultan of Turkey with the sum of 2,000,000 sterling to enable him to prosecute the war, and to avert the necessity for the issue of a paper currency.

Your Excellency has asked for instructions as to the language you should hold on this subject in the event of M. Mallet applying to you again, or of your receiving any

communications on the subject from other capitalists; and I have accordingly to authorize your Excellency in such an event to state, that Her Majesty's Government can hold out no encouragement to the scheme which has been laid before you by M. Mallet.

I am, &c.
(Signed) DERBY.

No. 46.

Musurus Pasha to the Earl of Derby.—(*Received August* 2.)

My Lord, *Ambassade Impériale Ottomane, Londres, le* 1 *Août*, 1876.

J'AI eu l'honneur de recevoir la lettre que votre Excellence a bien voulu m'adresser en date d'hier, relativement au service de l'Emprunt garanti pour le semestre échéant le 1er Août. J'ai télégraphié immédiatement à son Excellence Salvet Pacha dans le sens des représentations de votre Excellence; et, aussitôt que j'aurai reçu la réponse du Gouvernement Impérial, je m'empresserai d'en faire part à votre Excellence.

J'ai, &c.
(Signé) MUSURUS.

No. 47.

The Earl of Derby to Lord Lyons.

(No. 738.)
My Lord, *Foreign Office, August* 2, 1876.

WITH reference to my despatch No. 728 of the 31st ultimo, inclosing a copy of a letter which I had addressed to the Turkish Ambassador at this Court, respecting the payment of the interest on the Imperial Ottoman Loan of 1855, due on the 1st instant, I now transmit to your Excellency a copy of the answer which I have received from Musurus Pasha,* stating that he has telegraphed to Safvet Pasha in the sense of my representation.

Your Excellency will have the goodness to communicate to the Duc Decazes the purport of my communications with Musurus Pasha.

I inclose, for your Excellency's further information, a copy of the letter from the Treasury,† on which my representation to his Excellency was founded.

I am, &c.
(Signed) DERBY.

No. 48.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, August* 2, 1876.

WITH reference to your letter of the 29th ultimo, stating that the Bank of England had informed the Lords Commissioners of Her Majesty's Treasury that funds have not been provided by the Turkish Government to meet the charge of the Ottoman Guaranteed Loan of 1855, which fell due on the 1st instant, I am directed by the Earl of Derby to transmit to you, to be laid before their Lordships, the accompanying copies of correspondence with the Turkish Ambassador on this subject.‡

A copy of an instruction to Lord Lyons, directing his Excellency to communicate to the French Government the purport of Lord Derby's communications with Musurus Pasha, is herewith inclosed.§

I am, &c.
(Signed) TENTERDEN.

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* No. 46. † No. 43. ‡ Nos. 44 and 46. § No. 47.

No. 49.

Mr. Stronge to Lord Tenterden.—(*Received August* 3.)

My Lord, *Treasury Chambers, August* 3, 1876.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of yesterday's date, inclosing copies of the letters addressed by the Secretary of State to the Turkish Ambassador and to Lord Lyons, and of the reply of the former, on the subject of the non-fulfilment by the Turkish Government of its engagements to the Powers that guaranteed the Imperial Ottoman Loan of 1855.

I am to request you to lay before the Earl of Derby the inclosed copy of a letter which my Lords have received from the Bank of England, from which you will perceive that the Bank has, at the request of this Board, advanced the sum required to meet the charge for interest falling due on the 1st instant.

I am to explain that my Lords were prepared to make at once a charge on the Consolidated Fund in order to fulfil the engagements of the Guaranteeing Powers, but they thought it more courteous to the Government of the Sublime Porte to make an *ad interim* arrangement until that Government should have been able to reply to the representation made to it on behalf of Her Majesty's Government by the Secretary of State.

My Lords would be glad to receive intimation, as early as possible, of the intentions of the Porte, as they cannot permit the present arrangement to continue longer than is necessary to obtain a reply.

I am, &c.
(Signed) CHARLES W. STRONGE, *pro Sec.*

Inclosure in No. 49.

Mr. May to Mr. W. H. Smith, M.P.

Bank of England, August 1, 1876.

Sir,

I AM directed to acknowledge the receipt of your letter of yesterday, in which you assure the Governors that the Lords Commissioners of Her Majesty's Treasury are prepared, under the powers vested in them by the 1st section of the 18 and 19 Vic., cap. 99, to issue to the Bank any sums which may be needed to satisfy the guarantee of Her Majesty, given jointly with that of the French Government, in respect of the charge of the Imperial Ottoman Guaranteed Loan of 1855 falling due this day; and of your second letter of the same date, conveying their Lordships' request that the first letter may be read as authorizing and directing the Bank to advance the amount necessary to meet the interest and commission, together say 77,448*l.* 11*s.* 2*d.*

In answer, I am to inform you that the interest is accordingly being duly paid, and I am to request that the amount thereof, together with the commission thereon, viz., 77,448*l.* 11*s.* 2*d.*, may be issued to the Bank.

I am further to acquaint you that, in the absence of provision for the sinking fund, the bonds drawn for redemption this day, amounting to 97,400*l.*, remain unpaid, the answer given to the bondholders being, "Not yet provided for; present again." The Governors will, doubtless, in due course, receive the instructions of the Lords Commissioners of Her Majesty's Treasury in the matter.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 50.

Lord Lyons to the Earl of Derby.—(*Received August* 5.)

(No. 613.)
My Lord, *Paris, August* 3, 1876.

I HAVE the honour to inclose a copy of a note, in which, in obedience to the instruction contained in your Lordship's despatch, No. 738 of yesterday, I have communicated to the Duc Decazes the purport of the correspondence which has passed between your Lordship and the Ottoman Ambassador in London with regard to the interest due on the 1st instant, on the Guaranteed Turkish Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 50.

Lord Lyons to the Duc Decazes.

M. le Ministre; *Paris, August* 3, 1876.

THE Earl of Derby has been in communication with Musurus Pasha, the Ottoman Ambassador in London, respecting the payment of the interest due on the 1st of this month on the Imperial Ottoman Loan of 1855, and in pursuance of his Lordship's orders, I do myself the honour to make known to your Excellency the purport of the correspondence which has taken place.

On the 31st of last month, Lord Derby stated in a note to the Ottoman Ambassador that Her Majesty's Government had been informed by the Bank of England that funds had not been provided by the Turkish Government to meet the charge of the Imperial Ottoman Guaranteed Loan of 1855, which would fall due on the following day.

Lord Derby reminded the Ambassador that if the money were not ready at the date named, it would be incumbent on the Governments of Great Britain and France, the guaranteeing Powers, under the Convention of the 27th July, 1857, to make good to the Bondholders the amount of interest not paid by the Turkish Government.

Lord Derby referred to the assurances which had been received by him from the Ottoman Ambassador in London, and by Her Majesty's Ambassador at Constantinople from the Porte, that the payment of the dividends due on the Loan of 1855 should be met without fail, and he repeated that Her Majesty's Government earnestly trusted that those assurances would be faithfully observed.

Musurus Pasha, in answer, informed Lord Derby on the 1st instant, that he had immediately telegraphed to the Turkish Minister for Foreign Affairs in the sense of his Lordship's representation, and added that he would communicate to Lord Derby the answer of the Porte directly he received it.

I have, &c.
(Signed) LYONS.

No. 51.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, August* 8, 1876.

WITH reference to your letter of the 1st instant, I have the honour to acquaint your Excellency that, at the request of the Lords Commissioners of Her Majesty's Treasury, the Bank of England has advanced the sum required to meet the charge for interest on the Ottoman Guaranteed Loan of 1855 which fell due on the 1st instant.

Her Majesty's Government have thought it more courteous to the Sublime Porte to make this provisional arrangement until the Imperial Government should have been able to reply to the representation which I had the honour to make to your Excellency on the 31st ultimo; but they would be glad to receive intimation, as early as possible, of the intentions of the Porte, as the present arrangement cannot continue longer than is necessary to obtain a reply.

It is unnecessary for me to point out to your Excellency the very serious effect which would be produced by the failure of the Ottoman Government to meet their obligations in respect of the Guaranteed Loan; and I must again express the earnest hope of Her Majesty's Government that I may receive an intimation, with the least possible delay, that the necessary funds have been provided, in accordance with the assurances which they have received.

I have, &c.
(Signed) DERBY.

No. 52.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, August* 8, 1876.

WITH reference to your letter of the 3rd instant, on the subject of the failure of the Turkish Government to provide for the payment of the interest on the Ottoman Guaranteed Loan of 1855, which fell due on the 1st instant, I am directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's

Treasury, the accompanying copy of a letter which his Lordship has addressed to the Turkish Ambassador, requesting to be informed, with the least possible delay, of the intentions of the Porte.

I am, &c.
(Signed) TENTERDEN.

No. 53.

Lord Lyons to the Earl of Derby.—(Received August 13.)

(No. 648.)
My Lord, *Paris, August* 12, 1876.

I HAVE the honour to transmit to your Lordship a copy of a note, dated the 5th instant, which I received last night from the Duc Decazes.

It states that, on receiving my note of the 3rd instant, his Excellency sent at once, by telegraph, instructions to the French Ambassador at Constantinople to insist strongly upon the Porte fulfilling its engagements respecting the payment of the interest of the Guaranteed Loan of 1855.

A copy of my note of the 3rd August was transmitted to your Lordship with my despatch No. 613 of that day.

I have since had the honour to receive your Lordship's despatches Nos. 751 and 759 of the 5th and 8th August, inclosing, for my information, copies of further correspondence respecting the failure of the Porte to provide for the interest due on the Loan in question.

I have, &c.
(Signed) LYONS.

Inclosure in No. 53.

The Duc Decazes to Lord Lyons.

M. l'Ambassadeur, *Versailles, le 5 Août,* 1876.

VOUS avez bien voulu me faire connaître, par votre office du 3 de ce mois, la nécessité où s'est trouvé Lord Derby de rappeler à Musurus Pacha l'obligation incombant à la Porte Ottomane de fournir à la Banque d'Angleterre les moyens de payer les arrérages échus le 1er Août dernier de l'Emprunt Turc de 1855. En vous remerciant de cette communication, je m'empresse de vous faire savoir qu'aussitôt après l'avoir reçue, j'ai prescrit de mon côté par le télégraphe à l'Ambassadeur de France à Constantinople d'insister avec force auprès du Gouvernement du Sultan afin d'obtenir qu'il soit pourvu sans plus de retard à l'exécution de ses engagements envers les porteurs de titre de la dette garantie par nos deux pays.

Agréez, &c.
(Signé) DECAZES.

No. 54.

Musurus Pasha to the Earl of Derby.—(Received August 15.)

My Lord, *Ambassade Impériale Ottomane, Londres, le* 14 *Août,* 1876.

DES la réception de la note que votre Excellence a bien voulu m'adresser le 8 de ce mois, au sujet des intérêts de l'Emprunt Garanti, échus le 1er Août courant, je me suis empressé d'en communiquer par télégraphie le contenu au Gouvernement Impérial, et j'ai maintenant l'honneur de faire part à votre Excellence de la réponse que je viens de recevoir par une dépêche télégraphique de son Excellence Safvet Pacha.

La Sublime Porte me charge d'exprimer à votre Excellence ses remercîments bien sincères pour l'avance faite par le Trésor Britannique en paiement des susdits intérêts. Elle apprécie à sa juste valeur cet acte de haute courtoisie au milieu des circonstances difficiles qu'elle traverse; et elle m'invite en même temps à informer votre Excellence que le Ministère Impérial des Finances a déjà pris toutes les mesures nécessaires pour faire parvenir dans quelques jours à Londres les fonds avancés.

Je dois ajouter que le Gouvernement Impérial n'avait pas manqué de pourvoir à temps à l'échéance du 1er Août de l'Emprunt Garanti. En effet, comme il se trouve actuellement à la Banque d'Angleterre des fonds suffisants provenant du Tribut d'Egypte, le Ministère Impérial des Finances avait décidé d'appliquer ces fonds au paiement de la dite échéance.

J'ai fait part de cette décision à la Banque d'Angleterre depuis le 28 du mois dernier; mais il semble que la Banque hésite à s'y conformer par suite de l'opposition des porteurs de titres des Emprunts de 1854 et de 1871, qui, après avoir reçu en espèces le paiement de la moitié de leurs intérêts, échus le 10 Avril dernier, insistent sur le paiement également en espèces de l'autre moitié, ne consentant pas à recevoir pour cette moitié des obligations portant intérêt 5 pour cent.

J'ai, &c.
(Signé) MUSURUS.

No. 55.

Mr. Lister to Mr. Lingen.

Sir, *Foreign Office, August* 17, 1876.

WITH reference to your letter of the 29th ultimo, I am directed by the Earl of Derby to transmit to you, for the information of the Lords of Her Majesty's Treasury, a copy of a letter from the Turkish Minister at this Court* stating that his Government have taken measures for forwarding to England in a few days the sum advanced by Her Majesty's Government to provide for the interest due on the 1st instant upon the coupons of the Guaranteed Ottoman Loan of 1855.

I am, &c.
(Signed) T. V. LISTER.

P.S.—I am further directed to inclose the accompanying copies of despatches from Lord Lyons, Nos. 613 and 648 of the 3rd and 12th of August respectively, relating to the Turkish Guaranteed Loan of 1855.†

No. 56.

The Earl of Derby to Lord Lyons.

(No. 780.)
My Lord, *Foreign Office, August* 17, 1876.

I APPROVE the note which your Excellency addressed to the Duc Decazes, and of which a copy was inclosed in your despatch No. 613 of the 3rd instant, communicating to his Excellency the purport of the correspondence which I have had with the Turkish Ambassador respecting the interest due on the Guaranteed Turkish Loan of 1855.

I am, &c.
(Signed) DERBY.

No. 57.

Mr. Webb to the Earl of Derby.—(Received August 18.)

My Lord, *High Park Lodge, Ryde, Isle of Wight, August* 16, 1876.

I UNDERSTAND, from a recent statement in the House of Commons, that Her Majesty's Government propose that a sum of money now in the Bank of England for the service of the Turkish Loan of 1854 should be taken by the Bank to recoup its

* No. 54. † Nos. 50 and 53.

advances requested by the Government for the Loan of 1855. I beg your Lordship to remove the impression that so dishonourable a violation of the rights of first mortgagees is for a moment contemplated by the British Government.

I am, &c
(Signed) J. L. HERBERT WEBB.

No. 58.

Sir H. Elliot to the Earl of Derby.—(Received August 25.)

(No. 858.)
My Lord, *Therapia, August* 14, 1876.

I ASKED Safvet Pasha this afternoon whether the Porte had taken the necessary steps to ensure the payment of the Guaranteed Loan of 1855.

His Excellency assured me that instructions had been sent to provide the money required, and he expressed the deep obligation of the Porte to Her Majesty's Government for the considerate manner in which they had acted in reference to this question.

I have, &c.
(Signed) HENRY ELLIOT.

No. 59.

Mr. Lister to Mr. Webb.

Foreign Office, August 25, 1876.

Sir,

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 16th instant, respecting the payment of the interest due on the Ottoman Loans of 1854 and 1855, and I am to inform you, in reply, that Her Majesty's Government hope to receive funds from the Porte sufficient to meet the advance made by them for the interest which became due on the 1st instant, on the coupons of the Guaranteed Loan of 1855.

I am, &c.
(Signed) T. V. LISTER.

No. 60.

The Earl of Derby to Sir H. Elliot.

Foreign Office, August 26, 1876.

Sir,

THIS letter will be delivered to your Excellency by Mr. Lawrence J. McEwen, who is about to proceed to Constantinople as representative of the Egyptian Tribute Bondholders' League, with the view of submitting to the Porte a scheme for dealing with the Tribute Loans; and I have to instruct you to give Mr. McEwen such assistance as you properly can in bringing his representations to the knowledge of the Turkish Government for their consideration.

I am, &c.
(Signed) DERBY.

No. 61.

Mr. Taylor to Mr. Bourke.—(Received August 26.)

My dear Bourke, *St. Stephen's Chambers, Westminster, August* 25, 1876.

WITH reference to our conversation of the other day respecting the Egyptian Tribute Loans, I write a line to say that Mr. Morison, the bearer of this note, is the Hon. Secretary of the Egyptian Tribute Bondholders' League.

He has had three interviews with Mr. W. H. Northcote respecting the Loans, who has written him a letter, which he said would be sufficient to induce the Foreign Office to give a letter to Sir Henry Elliot, introducing an Agent of the League, who is about to proceed shortly to Constantinople, with a view to submit a scheme to the Porte for a settlement of the question.

It is, in short, the scheme which I offered to leave with you the other day, and which has since been laid before the Chancellor of the Exchequer.

Yours faithfully,
(Signed) G. CAVENDISH TAYLOR.

Inclosure in No. 61.

Mr. W. S. Northcote to Mr. Morison.

Dear Sir, 11, *Downing Street, Whitehall, August* 15, 1876.

I HAVE repeated to the Chancellor of the Exchequer what you said to me yesterday, and he has also communicated with Mr. Smith on the subject.

He does not desire to express any opinion upon the merits of your proposed plan for dealing with the Tribute Loans, nor does he think that the English Government could urge the Porte officially to adopt it, but he sees no reason why the Foreign Office should not, if they are so disposed, request Sir Henry Elliot to render unofficial assistance to the emissary you are about to send out to Constantinople.

I remain, &c.
(Signed) W. S. NORTHCOTE.

No. 62.

Mr. Lister to Mr. Lingen.

Sir, *Foreign Office, September* 1, 1876.

WITH reference to my letter of the 17th ultimo, I am directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch from Her Majesty's Ambassador at Constantinople,* stating that he had been informed by Safvet Pasha that the Porte had taken the necessary steps to ensure the payment of the interest of the Guaranteed Loan of 1855.

I am, &c.
(Signed) T. V. LISTER.

No. 63.

Mr. Lingen to Mr. Lister.—(Received September 7.)

Sir, *Treasury Chambers, September* 5, 1876.

WITH reference to your letter of the 1st instant, inclosing a letter from Sir H. Elliot of the 12th August last, on the subject of the Imperial Ottoman Guaranteed Loan of 1855, I am directed by the Lords Commissioners of Her Majesty's Treasury to request you to lay before the Secretary of State the inclosed copies of a letter from the Bank of England, dated the 1st instant, and its inclosure, and of the reply of this Board, of yesterday's date, from which the Earl of Derby will see that the Turkish Government has met its engagements within a very small sum.

My Lords will address a further letter to his Lordship as soon as they learn from the Bank of England the exact amount required to discharge the liability in full.

I am, &c.
(Signed) R. R. W. LINGEN.

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* No. 58.

Inclosure 1 in No. 63.

Musurus Pasha to Mr. May.

Sir, *Imperial Ottoman Embassy, London, August* 31, 1876.

AS the Bank of England abstained from giving effect to the instructions of the Imperial Government for the payment of the amount required for the service of the Loan of 1855, out of the funds in the hands of the Bank, the Earl of Derby informed me that Her Majesty's Government had authorized the Bank to advance provisionally the amount of the half-year's interest on that Loan, and he requested me, at the same time, to cause the amount thereof to be paid to the Bank by the Imperial Government. In consequence of that communication, and of the correspondence between this Embassy and the Imperial Government, I am now in a position to send you the inclosed nineteen bills, for the sum of 77,688*l.* 17*s.* 8*d.*, of which some are at two, and some at three months' date. I have endorsed them to the order of the Bank of England, and I now inclose them to you herewith, with the request that you will discount them, apply the proceeds to the payment of the above-mentioned interest and your commission thereon, and hold the balance at my disposal.

I also request you to be kind enough to send me, according to the instructions of the Imperial Government, an account, in duplicate, of the Tribute of Egypt from the beginning of the year 1291 to the present time.

I have, &c.
(Signed) MUSURUS.

Inclosure 2 in No. 63.

Mr. Gray to Mr. W. H. Smith, M.P.

Sir, *Bank of England, September* 1, 1876.

WITH reference to the previous correspondence on the subject of the interest, &c., due on the Imperial Ottoman Guaranteed Loan of 1855, on the 1st August last, I am directed to forward the inclosed copy of a letter received this day from his Excellency the Turkish Ambassador, together with a list of the bills forwarded therein, amounting to 77,688*l.* 17*s.* 8*d.*

As the advance which these bills are remitted to cover was made on the authority of the Lords Commissioners of Her Majesty's Treasury, I am to request their Lordships' confirmation of his Excellency's instructions.

The bills in question are not all of them strictly eligible for discount according to the Bank's ordinary rules; but the Governors would, of course, be happy to discount them at the minimum rate, under the guarantee of the Treasury.

I am, at the same time, to point out that, assuming the necessary authority is received from you in time to pass the bills to account on Monday, the deduction of this discount, which would amount to 263*l.* 17*s.* 9*d.*, would not leave quite sufficient to meet the advance of 76,304*l.*, and the commission, 1,144*l.* 11*s.* 2*d.*, the interest due to the Bank on the advance from the 1st August last, would still remain to be provided for.

I am, &c.
(Signed) F. O. GRAY, *Deputy Chief Cashier.*

Inclosure 3 in No. 63.

Mr. Lingen to the Governor and Deputy Governor of the Bank of England

Gentlemen, *Treasury Chambers, September* 4, 1876.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of Mr. Gray's letter of 1st instant, reporting that his Excellency the Turkish Ambassador has forwarded to the Bank of England nineteen bills for sums amounting to 77,688*l.* 17*s.* 8*d.*

I am to request that these bills may be discounted, and the proceeds applied, as far as they will go, to the payment of the interest due on the Imperial Ottoman Guaranteed Loan of 1855, on the 1st ultimo, together with the attendant expenses. Their Lordships

will communicate further with you on the subject of the deficiency mentioned in Mr. Gray's letter.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 64.

The Earl of Derby to Mr. Cookson.

Sir, *Foreign Office, September* 13, 1876.

I BEG leave to introduce to you Major the Hon. Alexander Stewart, who is about to proceed to Egypt on business connected with the Egyptian Tribute Bondholders' League.

Her Majesty's Government have no knowledge of any proposals that Major Stewart may intend to submit to the consideration of the Khedive. You will, therefore, be careful not to give them any support, and you will guard against its being inferred by the Khedive that Her Majesty's Government are in any degree responsible for them.

I am, &c.
(Signed) DERBY.

No. 65.

Mr. Morison to the Earl of Derby.—(Received September 29.)

My Lord, *St. Stephen's Chambers, Westminster, September* 29, 1876.

THE negotiations of the emissaries of the League at Constantinople have now reached a most favourable stage.

1. Thanks to the courtesy of Sir Henry Elliott, and the general support given to the scheme in influential quarters, one may confidently hope that the Porte will not ultimately withhold its approval.

2. Through their representations, the bondholders of the 1854 and 1871 Loans have given their unanimous support to the scheme.

3. The whole of the Tribute money is now in the Bank of England, and the funds required under the scheme for the settlement of the 1855 Guaranteed Loan are thus fully available.

I therefore, on behalf of the bondholders of the Loans of 1854 and 1871, most respectfully beg that your Lordship may, by telegraph, sanction such official support on the part of Sir H. Elliot as may lead to the immediate conclusion of a matter so very favourable both to the British and Turkish Exchequers. (The Turkish Grand Council meets on Sunday next.)

This is all the more necessary as it has been stated to us officially that the order due from the Representative of the Porte for the release even of the half coupons due October 10th has been withheld, and pressure will probably be required, as in April last, to induce the Porte to give the requisite order.

I am, &c.
(Signed) JAS. A. RICHMOND MORISON, *Hon. Sec.*

P.S.—I take the liberty of inclosing a copy of a letter, dated 27th instant, from Mr. E. H. Palmer, Deputy-Governor of the Bank of England, with reference to the plan, and of calling the attention of your Lordship to the paragraph marked within brackets.

J. A. R. M.

Inclosure in No. 65.

Mr. Palmer to Mr. Morison.

Dear Sir, *Bank of England, September* 27, 1876.

I BEG to acknowledge your letter of this morning, handing particulars of the arrangement which Mr. Stewart is urging upon the Turkish Government, as a settlement for the

three Turkish Loans of 1854, 1855, and 1871, to be all secured on the Egyptian Tribute, amounting in the aggregate to 681,000*l.*

There can be no doubt that the arrangement proposed will, if carried out, be extremely advantageous, both to the Turkish Government, the Governments of England and France, as guarantors of the interest on the Loan of 1855, and the bondholders of the Loans of 1854 and 1871.

The proposal is identical with that which Mr. Greville Palmer urged upon the Porte when he arrived in Constantinople in January last, and would, I am convinced, have been accepted with a very moderate amount of official assistance from Sir Henry Elliot. [Official assistance, however, Sir Henry Elliot was not empowered to render to my son's mission, and unless it is now given to Mr. Stewart, I fear he is not like to receive more satisfaction than my son received.]

Mr. Stewart is under the disadvantage of not possessing the authority which was delegated to my firm by the meeting of Tribute Bondholders held on the 10th January, and hence has no representative power to conclude an arrangement. If I may be allowed to make a suggestion, it is that Mr. Stewart should induce the Grand Vizier and the Finance Minister to approve the arrangement and transmit it by Mr. Stewart to the Ambassador in London with instructions to carry it out, in conjunction with Dent, Palmer, and Co., the delegated agents of the Tribute Bondholders.

I am, &c.
(Signed) EWD. HOWLEY PALMER.

No. 66.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, September* 30, 1876.

I AM directed by the Earl of Derby to transmit to you a copy of a letter from Mr. Morison,* who has lately been in communication with the Turkish Government in the interest of the Bondholders of 1854, 1855, and 1871, stating that the negotiations of the emissaries of the league at Constantinople have reached a most favourable stage, and asking for the official assistance of Her Majesty's Government to bring the matter to an immediate conclusion.

I am to request that in laying this letter before the Lords of the Treasury, you will move their Lordships to cause Lord Derby to be informed what answer they would wish to be returned to Mr. Morison.

I am, &c.
(Signed) TENTERDEN.

No. 67.

M. Mazarco to the Earl of Derby.—(Received October 4.)

Excellence, *Paris, le 2 Octobre*, 1876.

NOUS avons l'honneur de vous adresser sous ce couvert,† un projet d'unification et de conversion de la Dette Ottomane.

Ce projet est appuyé dans ses conclusions sur les réformes indispensables au relèvement de cet Etat.

Les membres du présent syndicat sont des porteurs directs de titres de la Dette Turque ; ils sont en plus les représentants de plusieurs groupes syndiques, de porteurs de ces titres.

Nous sommes tous convaincus que l'indépendance et même l'existence de la Turquie sont intimement liées à la réorganisation de ses finances et aux développements de ses ressources, ce dont il est urgent de s'occuper, car cet Etat est indispensable à l'équilibre Européen comme à la paix générale ; les populations d'Europe qui pensent autrement agissent contre leurs véritables intérêts.

La ruine du Trésor Ottoman est due en grande partie aux emprunts excessivement onéreux qu'il a contractés.

Si un arrangement financier se concluait aujourd'hui sur les mêmes bases, nous avons la certitude que cette nouvelle opération serait, à bref délai, la ruine de la Turquie et celle de ses créanciers.

* No. 65. † Sent in original to Treasury.

Et pourtant, l'Empire Ottoman a tous les éléments nécessaires pour se relever et redevenir très-vite aussi puissant qu'il était au dix-huitième siècle.

Que faut-il à la Turquie pour cela?

Il lui faut simplement l'autonomie communale et toutes les libertés qui en découlent!

L'unification de la Dette Ottomane réalisée dans notre projet, étant aussi bien dans l'intérêt de tous les Gouvernements, que dans celui des porteurs de titres Ottomans, nous espérons que votre Excellence voudra bien donner son appui à cette œuvre essentiellement réparatrice.

Veuillez, &c.
Le Délégué du Syndicat,
(Signé) T. P. MAZARCO.

No. 68.

Lord Tenterden to Mr. Lingen.

Foreign Office, October 6, 1876.

Sir,

I AM directed by the Earl of Derby to transmit to you, to be laid before the Lords of the Treasury, the inclosed copy of a letter from M. Mazarco, inclosing a project for the conversion of the Ottoman Debt.*

I am, &c.
(Signed) TENTERDEN.

No. 69.

Lord Tenterden to M. Mazarco.

Foreign Office, October 6, 1876.

Sir,

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 2nd instant, inclosing a project for the conversion of the Ottoman Debt.

I am, &c.
(Signed) TENTERDEN.

No. 70.

Mr. Morison to Lord Tenterden.—(Received October 7.)

Offices of the Egyptian Tribute Bondholders' League, St. Stephen's Chambers, Westminster, October 7, 1876.

My Lord,

WITH reference to my letter of the 29th ultimo to the Right Honourable the Earl of Derby, I have the honour to annex copy of a telegram received this day from the Honourable Randolph Stewart at Therapia, to which I beg to refer your Lordship.

I beg to solicit that your Lordship will grant us the little assistance now required for the success of a scheme so beneficial to all concerned, viz., the Turkish, British, and French Governments, as well as to the Bondholders.

As stated by me in the above-named letter, the representatives of the Bondholders are now unanimous in their support of the proposal, which entirely settles the difficulties connected with the 1854 and 1855 Loans, the subject matter of which was lately brought before Parliament.

I am, &c.
(Signed) JAS. A. RICHMOND MORISON, *Hon. Sec.*

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* No. 67.

Inclosure in No. 70.

Mr. Stewart to Mr. Morison.

(Telegraphic.) *Therapia, October , 1876.*

ALL, without exception, approve; but the Grand Vizier dilatory. A word from Sir Henry Elliot sufficient. Get British Government to telegraph immediately.

No. 71.

Colonel Champion to Lord Tenterden.—(Received October 9.)

Offices of the Egyptian Tribute League, St. Stephen's Chambers, Westminster, October 7, 1876.

My Lord,

WITH reference to to-day's telegram from Captain Stewart, Constantinople, and to our Secretary's hasty letter on this subject, I, in the absence of my colleagues, venture to add the following, in the hope that your Lordship will simultaneously lay them before the Right Honourable the Earl of Derby.

Captain Honourable R. Stewart, at Constantinople, telegraphs as follows:—

That the scheme (submitted to the Foreign Office for approval) for final settlement of the 1854, 1855, and 1871 Tribute Loans has been examined and "approved" by his Excellency Sir H. Elliot and by the following officials, viz.,

1. His Excellency the Grand Vizier.
2. His Excellency the Minister of Finance.
3. His Excellency Midhat Pasha.

(With both of whom a long and satisfactory interview occurred.)

4. His Excellency the "Financial Referee" to the Porte (Mr. Foster).
5. His Excellency the Legal Adviser to the Porte (to whom the Porte directed it for special report).

The agents and contractors of the loans, viz., Messrs. Dent and Palmer (Deputy Governor to Bank of England), also the Council of Foreign Bondholders and the accredited representatives of the bondholders, have all, some days' since, signified their complete and unanimous adherence to the Porte.

The present danger of failure (so we understand our agent) in the settlement of this debt of over 11,000,000*l.* sterling, and of matters which have already entailed a debate in Parliament, arises not from any opposition by the Turkish Government to a scheme which is so beneficial to its Treasury, and which releases about 500,000*l.* now lying uselessly in the bank, but from the political crisis and from delay and procrastination entailed by press of business and by regret to hear the state of the Grand Vizier's health.

The expense being very considerable, our agents are, we believe, about to return at once, and we fear that when this occurs the action of certain independent bondholders will possibly arrest our negotiations *in toto*. Our own, as well as the legal advisers of the Bank of England, are of opinion that the 500,000*l.* in the Bank is, in reality, held to the credit of the "Contractors of the Loans," and is not (properly) under the control of his Excellency the Turkish Ambassador.

This point we have been most anxious not to bring forward, but owing to the delay in our negotiations, we fear that such action by holders over whom we have no control will arrest our efforts at negotiation for the settlement of the 1871, 1854, and 1855 Loans (the sinking fund of the latter being not yet paid for the last half year). As such action would probably entail disputes as to the "diversion of the tribute," which might again extend to the security of the Guaranteed Loan (also based on the tribute) and all arrangements recently concluded by Government with Egypt, we are naturally most anxious to avoid the same. I regret having missed the opportunity of seeing your Lordship to-day, when I could have explained the point more clearly.

We understand from our agent that as all the Turkish officials have approved the scheme, a simple intimation from his Excellency Sir H. Elliot "that a settlement would be acceptable to Her Majesty's Government," would now suffice to obtain a favourable decision or at least terminate our present suspense, and the very heavy expense to which our agency subjects us.

The bondholders of the 1854 and 1871 loans are at present willing to submit to heavy sacrifices (including loss of sinking fund and interest), to enable them to pay off the 1855 Loan, but should action be taken by certain holders, all negotiation is arrested forthwith.

I have written the above explanation on my own responsibility, as an individual holder of the 1854 and 1871 Loans, and as a member of the Council of the Tribute League; there being no time to consult my colleagues. I trust your Lordship will therefore pardon any omissions, as I have had to write with extreme haste.

I have, &c.
(Signed) H. LE CHAMPION.

No. 72.

Mr. Law to Lord Tenterden.—(*Received October* 9.)

My Lord, *Treasury Chambers, October* 9, 1876.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury Lord Tenterden's letter of the 30th ultimo, and its accompanying inclosures, viz., letters from Mr. Morison and Mr. Palmer, requesting that the assistance of Her Majesty's Government may be given in support of a communication which has been addressed to the Turkish Government for the appropriation of the Egyptian Tribute to the service of the Loans of 1854, 1855, and 1871.

I am to request that you will inform the Earl of Derby that my Lords are of opinion that a settlement of the Tribute Loans on a footing satisfactory to those interested in them would be very desirable; and that they see no reason why his Lordship should not inform Sir Henry Elliot that the British Government would hear with pleasure of any such arrangement having been made.

If the arrangement is one affecting in any manner the Guaranteed Loan of 1855, it would of course be necessary that the French Government should be consulted.

My Lords would desire to remind the Secretary of State, that although the Governments of Great Britain and France guarantee the payment of the interest on the Loan of 1855, they do not make themselves responsible for the repayment of the principal.

It is, however, manifestly for their advantage that the repayment of the principal should be proceeded with rather than they should be indefinitely liable to the charge of 4 per cent. for interest.

My Lords think, therefore, that the two Governments ought to support, or at all events in no way to discourage, any settlement which may lead to the extinction of this portion of the debt.

I am to add, that so far as this Board is concerned, my Lords see no objection to Mr. Greville Palmer's scheme; but they are unable to take up the advocacy of the Bondholders of 1871, in preference to any other creditors of the Porte, or to admit that they have any special claim upon the good offices of Her Majesty's Government.

I am, &c.
(Signed) WILLIAM LAW.

No. 73.

The Earl of Derby to Sir H. Elliot.

(Telegraphic.) *Foreign Office, October* 12, 1876, 5·40 P.M.

MR. MORISON, on behalf of the Tribute Bondholders, says that the Bondholders' agent, Mr. Stewart, has proposed a scheme at Constantinople which the Porte is inclined to accept.

You may tell the Porte that Her Majesty's Government would be glad to hear that an arrangement satisfactory to the bondholders of the 1854 Loan had been carried out.

Your Excellency must, however, bear in mind that any arrangement affecting the 1855 Loan would require the assent of the French Government as well as that of Her Majesty.

No. 74.

Lord Tenterden to Mr. Morison.

Sir, *Foreign Office, October* 13, 1876.

I AM directed by the Earl of Derby to inform you that his Lordship has been in communication with the Board of Treasury upon the contents of your letter of the 29th ultimo, asking for official support in favour of the new scheme for the settlement of the Turkish Loans of 1854, 1855, and 1871.

Her Majesty's Ambassador at Constantinople has been informed by telegraph that Mr. Stewart, the Agent of the Bondholders at Constantinople, has proposed a scheme which it is stated that the Porte is inclined to adopt, and his Excellency has been instructed to state to the Porte that Her Majesty's Government would be glad to hear that arrangements had been made satisfactory to the Tribute Bondholders of 1854, but that his Excellency must bear in mind that any arrangement that would affect the Loan of 1855 could only be made with the assent of the French Government as well as that of Her Majesty.

I am to add that Her Majesty's Government are unable to take up the advocacy of of the Bondholders of 1871 in preference to any other creditors of the Porte, or to admit that they have any special claim upon their good offices.

I am, &c.
(Signed) TENTERDEN.

No. 75.

Lord Tenterden to Colonel Champion.

Sir, *Foreign Office, October* 13, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 7th instant, respecting the scheme for the settlement of the Turkish Loans of 1854, 1855, and 1871, and I am to refer you to the letter which, by his Lordship's directions, I have this day addressed to Mr. Morison.

I am, &c.
(Signed) TENTERDEN.

No. 76.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, October* 12, 1876.

WITH reference to your letter of the 9th instant, respecting the new scheme for the settlement of the Ottoman Loans of 1854, 1855, and 1871, I am directed by the Earl of Derby to transmit to you copies of two letters from Mr. Morison and Colonel Champion on this subject, together with copies of the reply which I have addressed to Mr. Morison, and of a telegraphic instruction which his Lordship has sent to Sir H. Elliot.*

I am at the same time to request that you will remind the Lords of the Treasury that, although the guarantee of the two Powers is only for the interest of the loan, the engagement of the Porte to pay 1 per cent. sinking fund to the 1855 Loan is contained in Article II of the Treaty of June 27, 1855, and that the bondholders of that loan have consequently a Treaty right to the sinking fund, upon the faith of which they no doubt invested their money.

I am, &c.
(Signed) TENTERDEN.

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* Nos. 70, 71, 73, and 74.

No. 77.

Lieutenant-Colonel Champion to Lord Tenterden.—(Received October 20.)

Offices of the Egyptian Tribute League, St. Stephen's Chambers,
My Lord, *Westminster, October 19, 1876.*

I HAVE the honour, on behalf of the Council of the above League, to request that you will lay before the Right Honourable the Earl of Derby the following facts just received by telegram from our Constantinople agents, viz.:—

1. That the opposition to our scheme, which we had the honour to submit to Her Majesty's Government for settlement of the 1854 and 1855 Loans, proceeds entirely from a private individual or group of local financiers at Constantinople, who evidently hope—as we can ascribe no other motive—to secure the Egyptian Tribute, the basis of the security of the above Loans, for their own profit.

We are further informed by our agents that such overtures for diversion of the Tribute have already been made to the Egyptian Government, hitherto without success.

2. That the payment even of half the coupon of the 1854 Loan was recently obtained only with the utmost difficulty, although the money for the full coupon, justly due to us, was already in the Bank of England.

3. That certain bondholders, over whom we have no control, are now (solely owing to the procrastination of the Turkish officials, all of whom have highly approved the scheme) taking steps for immediate appeal to the Court of Chancery, with the view not only to release the funds now in the Bank, but also with the subsequent intention of appeal to the Governments of England and France for protection should attempts be made to divert the Tribute. It has also been pointed out by several of our highest legal authorities that the security of the Tribute Loans of 1854, 1855, and 1871 are founded on precisely the same basis as that accepted in the purchase of the Suez Canal Shares. They are also advised to appeal to the Egyptian Courts.

The success of such action in Chancery would, we fear, arrest *in toto* the present scheme for final settlement of the 1854 and 1855 Loan, which scheme, while it releases a very large sum of money lying useless in the Bank, is also alike beneficial to the British, French, and Turkish Governments, and to the bondholders.

The object of this appeal, as our agents are quitting Constantinople, is to obtain through Her Majesty's Government an immediate and final answer from the Porte, whether favourable or the reverse, the present uncertainty and delay being excessively injurious to the bondholders, who, confiding in the moral support of Government—we speak especially of the 1854 Loan—have so patiently, and at great pecuniary sacrifice, attempted to secure an amicable settlement of the questions at issue.

We have, &c.
(Signed) H. LE CHAMPION, *Lieutenant-Colonel.*
F. V. GUYON, *Lieutenant-Colonel.*
EDWD. FLEMING, *Acting Secretary.*

No. 78.

Lord Tenterden to Lieutenant-Colonel Champion.

Sir, *Foreign Office, October 23, 1876.*

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 19th instant, stating that no answer has been received from the Porte to your proposals for the settlement of the Turkish Loans of 1854 and 1855, and requesting the assistance of Her Majesty's Ambassador to obtain one; and in reply I am to state to you that his Lordship will make inquiries by telegraph at Constantinople whether any decision has been come to at the Porte with reference to your scheme, but I am at the same time to point out to you that Her Majesty's Government cannot give you any useful assistance unless the bondholders are agreed among themselves.

I am, &c.
(Signed) TENTERDEN.

No. 79.

The Earl of Derby to Sir H. Elliot.

(Telegraphic.) *Foreign Office, October 23, 1876, 4·40 P.M.*

WITH reference to my telegram of the 12th instant, the Tribute Bondholders complain they have no answer from the Porte. Inquire whether any decision has been come to. I have warned the Bondholders that Her Majesty's Government can give no useful assistance unless they are agreed among themselves.

No. 80.

The Earl of Derby to Sir H. Elliot.

(No. 663.)
Sir, *Foreign Office, October 23, 1876.*

WITH reference to my despatch No. 643 of the 12th instant,* I transmit to you herewith a copy of a letter from the Egyptian Tribute League,† complaining that they have received no answer from the Porte to their proposals for the settlement of the questions relating to the 1854 and 1855 Loans, and I have to request that your Excellency will ascertain and report to me whether any decision has been come to at the Porte on this subject.

I annex, for your Excellency's information, copy of my answer to the communication from the Egyptian Tribute League.‡

I am, &c.
(Signed) DERBY.

No. 81.

Mr. Morison to Lord Tenterden.—(Received October 24.)

Offices of the Egyptian Tribute Bondholders' League,
My Lord, *St. Stephen's Chambers, Westminster, October 24, 1876.*

WITH reference to the paragraph in your Lordship's letter of yesterday, "that Her Majesty's Government cannot give you any useful assistance, unless the Bondholders are agreed amongst themselves," I beg to inclose a letter received from Mr. Palmer for transmission to your Lordship, and desire further to state that there can be no opposition on the part of the Bondholders to the proposed scheme, and that we have since ascertained from themselves that the threatened action of independent Bondholders only meant that, should the proposed scheme not be carried, they will fall back on the Court of Chancery to obtain possession of the money now in the Bank of England, which is being withheld from them in consequence of the proposal for the settlement of the said loans not having as yet been officially settled.

I have, &c.
(Signed) JAS. A. RICHMOND MORISON, *Hon. Sec.*

Inclosure in No. 81.

Mr. Palmer to Mr. Morison.

Dear Sir, *Bank of England, October 24, 1876.*

I THANK you for the perusal of Lord Tenterden's letter of yesterday, and according to your request, I inclose a letter to Lord Derby expressing my opinion that so far as it is possible for a numerous body of persons to be agreed, the Bondholders are unanimous in wishing the scheme referred to carried into execution.

I return Lord Tenterden's letter, and trust you will obtain from the Foreign Office some moderate official assistance which I am satisfied is all that is required.

I am, &c.
(Signed) EDWD. H. PALMER.

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* Recorder of telegram. † No. 77. ‡ No. 78.

No. 82.

Mr. Palmer to the Earl of Derby.—(Received October 24.)

My Lord, *Bank of England, October 24, 1876.*

THE Secretary of the Egyptian Tribute Bondholders' League has submitted to me Lord Tenterden's letter of yesterday's date, in which his Lordship states that Her Majesty's Government can give no useful assistance towards the settlement of the scheme for the apportionment of the Tribute amongst the Imperial Loans of 1854, 1855, and 1871, unless the bondholders are agreed amongst themselves.

The scheme in question is analogous to that which was urged upon the Porte by Mr. Greville Horsley Palmer in February last, and, as far as it is possible for any very numerous body of persons to be agreed, I am convinced the holders of the bonds of the Imperial Turkish Loans of 1854 and 1871 are unanimous in desiring to see it carried out.

I have, &c.
(Signed) EDWD. HOWLEY PALMER.

No. 83.

The Earl of Derby to Sir H. Elliot.

(No. 674.)
Sir, *Foreign Office, October 25, 1876.*

WITH reference to my despatch No. 663 of the 23rd instant, I inclose, for your Excellency's information, copies of further correspondence, as marked in the margin,* relative to the proposed scheme for the settlement of the questions affecting the Turkish Loans of 1854 and 1855.

I am, &c.
(Signed) DERBY.

No. 84.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, October 25, 1876.*

WITH reference to my letter of the 13th instant, respecting the new scheme for the settlement of the Ottoman Loans of 1854, 1855, and 1871, I am directed by the Earl of Derby to transmit herewith, to be laid before the Lords of the Treasury, copies of further correspondence, as marked in the margin, which has passed on this subject.†

I am, &c.
(Signed) TENTERDEN.

No. 85.

Lord Tenterden to Mr. Palmer.‡

Sir, *Foreign Office, October 25, 1876.*

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 24th instant, stating that the Bondholders interested are unanimous in wishing the adoption of the scheme proposed for the settlement of the questions affecting the Turkish Loans of 1854 and 1855, and, in reply, I am to inform you that a copy of your letter will be forwarded to Her Majesty's Ambassador at Constantinople.

I am, &c.
(Signed) TENTERDEN.

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* Nos. 81 and 82.
† Nos. 77, 78, 80, 81, 82, and 85.
‡ A similar letter was sent to Lieutenant-Colonel Champion.

No. 86.

Sir H. Elliot to the Earl of Derby.—(Received October 26.)

(Telegraphic.) *Therapia, October 25, 1876.*

UP to yesterday nothing was decided about Tribute Bondholders, but negotiations seem to make preliminary progress.

No. 87.

Mr. Law to Lord Tenterden.—(Received October 27.)

My Lord, *Treasury Chambers, October 26, 1876.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to call the attention of the Secretary of State to the correspondence which has taken place this year respecting the delays of the Turkish Government in meeting the charge of the Imperial Ottoman Guaranteed Loan of 1855, and also to the discussion which took place during the last Session of Parliament on the claims of the Bondholders of the Turkish Loan of 1854.

Lord Derby will recollect that on the occasion of that discussion (July 21) Mr. Russell Gurney moved that a humble address be presented to Her Majesty, praying Her Majesty to direct a communication to be made to the President of the French Republic in order to ascertain whether the French Government will unite with the Government of Her Majesty in pressing upon the Government of Turkey the complete fulfilment of the conditions upon which the Turkish Loan of 1854 was contracted; that the motion received a large amount of support upon both sides of the House; that the Chancellor of the Exchequer, as the Representative of the Government, stated that they were not insensible to the case that had been brought forward, that it was one that had engaged their attention for a considerable time, and that they were prepared to place themselves afresh in communication with the Government of France upon the subject; and finally, that Mr. Russell Gurney, on the faith of this assurance, and at the request of the Chancellor of the Exchequer, withdrew his motion.

Since that date, as Lord Derby is aware, another dividend has become due to the holders of the Guaranteed Loan of 1855, which the Turkish Government failed to provide at the time, so that it was necessary for this Board to ask the Bank to make a temporary advance, in order that the Turkish Government might have an opportunity of keeping faith with Guaranteeing Powers. In the end the necessary funds were provided, but only after long delay, much correspondence, inconvenience to the Guaranteeing Powers, and needless discredit to the Porte itself.

My Lords, after careful review of those transactions, have come to the conclusion that no time should be lost in taking such action as may seem proper to the Secretary of State in order both to fulfil the pledge given to Parliament, and to put an end to the complications which cause such unprofitable discussions whenever a dividend on the Turkish Guaranteed Loan of 1855 falls due. It would appear necessary, in the first place, to ascertain whether the French Government would be prepared to join with the Government of Her Majesty in a representation to the Porte on behalf of the Bondholders of 1854. The justification of such a representation is to be found in the belief publicly expressed by the two Governments in 1854, that the Turkish Government would fulfil its promises, the object of that public expression of opinion being to assist an allied Power in procuring money for the prosecution of a war in which the two Powers were supporting it.

It would be necessary to state distinctly that Her Majesty's Government hold that the Loan of 1854 stands on a different footing from subsequent loans (the Guaranteed Loan excepted), that there is no necessity for the two Governments to interfere between the Porte and its ordinary creditors, and that their joint good offices should be confined to that loan which which was introduced into the money market upon a recommendation of the Governments of England and France, with the view of obtaining money for the prosecution of a war in which England and France, equally with Turkey, were engaged.

It would, in the next place, be desirable that the two Governments should comment upon the delays which have taken place in meeting the charge of the Guaranteed Loan of 1855, to point out that the obligations of the Guaranteeing Powers is to the creditors under that loan, and that they are bound to make good that obligation whenever the Turkish Government fail to provide the necessary funds in time, that it is therefore useless

to plead that the Turkish Government has provided funds, unless these funds are actually receivable by the holders of the Loan of 1855, and that the two Governments can take no account of disagreements between the Turkish Government and its agents the Bank of England. If the creditors do not receive their money on the appointed day the two Governments are liable, and there is an end of the question.

This being so, it is evident that the Porte incurs discredit by its present mode of proceeding, which my Lords believe that it would be easy to avoid, and it is incumbent upon the two Powers to press upon the Porte, both in its own best interest and for the satisfaction of their honour, the necessity of coming to immediate agreement with the holders of the Loan of 1854.

It appears to my Lords to be worthy of consideration whether, in the interests of all concerned, it might not be well that the two Governments should proffer their good offices, if necessary, to facilitate the conclusion of the agreement.

My Lords would be glad to learn the view that the Secretary of State takes of the proposal which they thus submit to him, and in the event of his approving the general principle, they would be glad to concert with him the precise terms in which the French Government should be addressed.

I am, &c.
(Signed) WILLIAM LAW.

No. 88.

Lord Tenterden to Mr. Law.

Sir, *Foreign Office, November 2, 1876.*

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 26th ultimo, in which, after calling attention to the delays and complications which have arisen this year when the dividends on the Turkish Guaranteed Loan of 1855 fell due, as well as to the claims of the Bondholders of the Ottoman Loan of 1854, you state that the Lords Commissioners of Her Majesty's Treasury consider that it would be advisable to ascertain whether the French Government would be prepared to join the Government of Her Majesty in representing to the Porte the claims of the Bondholders of 1854, and with reference to the delays which have taken place in meeting the charges of the Guaranteed Loan of 1855, in pressing upon the Turkish Government the necessity of coming to an immediate agreement with the holders of the Loan of 1854.

I am to state in reply that Lord Derby concurs in this proposal, and that in his opinion the best way of carrying it out will be by an instruction to Her Majesty's Ambassador at Paris, the draft of which shall be submitted to their Lordships.

I am, &c.
(Signed) TENTERDEN.

No. 89.

Memorandum by Mr. Scudamore on the Proposals made by the Delegates from the Tribute Bondholders.—(Communicated to the Earl of Derby by Mr. Stewart, November 4.)

1. THE Egyptian Tribute, which amounts to 681,000*l.* sterling per annum, is specially affected by the most solemn and precise engagements to the service of the Tribute Loans of 1854 and 1871.

2. Under other solemn and precise engagements it is remitted direct from Egypt to the Bank of England, and held by the Bank in trust for the Bondholders of 1854 and 1871.

3. Although, in the absence of a purely formal order from the Turkish Government, the Bank has not paid to the said Bondholders that which is due to them, it will not pay any portion of the money in its hands to any one else, and has expressly refused to pay any portion of it to the Turkish Government.

4. The English Government, by the mouth of the Chancellor of the Exchequer, has declared that the Egyptian Tribute will, under any circumstances, continue to be sent direct to England from Egypt.

5. So long as it is so sent the Bank will continue to hold it for the Bondholders of 1854 and 1871, and, while this is so, the Egyptian Tribute will be beyond the control

of the Turkish Government, which is thus left without any motive whatever for withholding the money from the persons to whom it is due.

6. To put the case on the very lowest ground that can be chosen, the Turkish Government ought to let the Bondholders of 1854 and 1871 have this money which is due to them because it can make no other use of the money. The retention of the money in the Bank of England damages the Bondholders but cannot in any way benefit the Turkish Government.

7. But there is another aspect of the case which requires attention. The Bondholders of 1854 and 1871 are about to apply to the English Law Courts to compel the Bank of England to pay over the tribute to the Tribute Bondholders.

8. They are advised by eminent Counsel that their application will be successful, but whether it be successful or unsuccessful, the application will create a public scandal, and will seriously lower Turkey in the estimation of the English public.

9. When Turkey pleads with her creditors that she really has not the means to pay, she sets up a claim to the consideration and forbearance of the very sternest creditor. But what will be thought of her when it is stated in every English newspaper that she has the means of paying certain of her creditors, and although she can do nothing else whatever with these means but pay those creditors, she will not allow those creditors to receive the money which she cannot touch.

10. Clearly, whether the application of the Bondholders be successful or unsuccessful, it will be most damaging to Turkey. If it be unsuccessful, the Egyptian Tribute will continue to be useless to her, and only partially useful to the Bondholders. If it be successful, the Bondholders feel that they will have obtained from the law what they have failed to obtain from the justice of the Turkish Government, and they will owe Turkey no gratitude and no good-will.

11. This second aspect of the case is more striking than the first. It is clear that Turkey, by forcing the Bondholders to assert their rights at law, will bring on a great public scandal, which will damage her greatly with the English press and the English Parliament; it is also clear that she will have no chance whatever of gaining any useful hold on the Egyptian Tribute; and, again, it is clear that she will run a very great risk of having that, which she is asked to do gracefully and in a manner conciliatory to her creditors, done in spite of her by *force majeure*. In such a contest she has everything to lose and absolutely nothing to gain.

12. But there is as yet a third aspect of the case which is still more striking. Ever since the Iradé of October, 1875, Turkey has held herself bound to except from the operation of that Iradé the Loan of 1855. For the service of this Loan she has to pay annually 250,000*l.*, and she is paying that sum. She has failed to induce the Bank of England to part with any portion of the Egyptian Tribute towards satisfying the Loan of 1855, and so long as the Tribute Bondholders are not satisfied she not only derives no benefit from the Tribute but she has to find 250,000*l.* annually for the service of the Loan of 1855.

13. Now the Delegates from the Bondholders of the 1854, 1855, and 1871 Loans offer to agree to such a reduction in the annual amortisement of the 1854 and 1871 Loans as will bring the sum required annually for the service of the three loans combined down to the amount of the Egyptian Tribute.

The project stands thus:—

	£	
Amount of Egyptian Tribute in sterling	681,000	
Amount present required for interest and sinking fund of the Loans—		
1854	210,000	Sum which is required at present in addition to the Tribute for the service of the three Loans, £171,000.
1855	250,000	
1871	390,000	
	850,000	
Amount required under proposal—		
1854	161,860	Sum which will hereafter be required in addition to the Tribute, nil.
1855	250,000	
1871	269,000	
	680,860	

14. Thus the Ottoman Government, by accepting the proposals of the Bondholders, would at once satisfy all the claims of those who are fairly entitled to be called the Preference Bondholders and would be relieved of the necessity for making

any further provision for the service of the Loan of 1855. The amount of this provision, so long as the whole Egyptian Tribute is impounded, is 250,000*l.* per annum, but even if the Turkish Government were in possession of so much of the Tribute as is not required for the service of the Loans of 1854 and 1871 it would still have to find 178,000*l.* per annum for the Loan of 1855.

15. In addition to being relieved of the present payment of 250,000*l.* per annum, and in any case of the payment of 178,000*l.* per annum, the Porte may obtain at once, if it accepts the proposals of the Delegates, a sum of 70,000*l.* in cash, which will be released from the money in the Bank of England as soon as the arrangement is sanctioned.

16. Thus, if Turkey accepts the proposals of the Delegates, the following results will follow:—

(*a.*) She will satisfy the just claims of her creditors under three important Loans.

(*b.*) She will conciliate the good opinion of the English and French Governments, which are parties to the Loan of 1855.

(*c.*) She will avoid the scandal of a public trial in England, which would be very damaging at the present moment.

(*d.*) She will obtain a sum of 70,000*l.* in cash; and,

(*e.*) She will be relieved of the payment of 178,000*l.* per annum, and will be enabled by the release of that amount of her annual revenues to raise a large sum of money for her present urgent necessities.

17. *All this she may do simply by relinquishing her useless and ineffectual hold on the Egyptian Tribute, and by allowing her creditors to have that which really belongs to them, and which, even while she withholds it from them, is absolutely useless to her.*

18. I understand the Turkish Government to be afraid that if it accepts the proposals of certain Bondholders, all other classes of Bondholders will demand to be treated in like manner. Now, I am in a position to state that the claims of the Tribute Bondholders are regarded by all classes of Bondholders as preferential claims. I have seen a letter from Mr. Hyde Clarke, the Secretary to the Council of Foreign Bondholders, in which he supports the scheme which is now submitted to the Porte. Sir Philip Rose, who came out here as agent of all classes of Bondholders, writes to me thus, on the 12th instant: "All classes of Bondholders in England will concur in approving the scheme now before the Porte as an act of justice. I have no doubt it would have a very good effect for the Turks in England." And I need only refer to the Report of Messrs. Rose and Staniforth, and to the proposals which they made for the unification of the entire Turkish Debt, to prove that they fully recognized the preferential claim of the 1854 and 1871 Bondholders; and though they were the agents of all the Bondholders, made full allowance for that preferential claim. I inclose a printed copy of their Report and proposals.

19. Further, it must be borne in mind that some large creditors of the Porte are holders under many of the Loans, and that in satisfying the Bondholders of 1854, 1855, and 1871, the Porte will indirectly be doing something for men who are creditors under other Loans.

20. Lastly, if the scheme which is now before the Porte be sanctioned, the credit of Turkey will at once be strengthened, and an immediate rise will assuredly take place in the values of all Turkish stocks. The Turkish Government has everything to gain and nothing to lose by the adoption of the arrangement which offers Turkey (in return for money which Turkey cannot use) a heavy payment in cash, an annual grant of 178,000*l.*, a means of conciliating public opinion, and such a sustentation of Turkish credit as cannot fail to benefit Turkey, and to improve the position of all classes of Turkish creditors.

(Signed) FRANK IVES SCUDAMORE.

October 29, 1876.

No. 90.

Memorandum respecting Turkish Tribute Loans, 1854-55.—(*Communicated to the Earl of Derby by Mr. Stewart, November* 4.)

WITH reference to the above, we beg to submit the following Memorandum for the consideration of the Chancellor of the Exchequer:—

That the Porte be urged to give their assent to the proposed scheme without any further postponement or evasion.

They should be made to understand, that as they have not to pay money, but to receive it, there can be no valid reason for delaying a settlement, their own legal advisers having reported that they have no further claim on the Egyptian Tribute, and that under no circumstances can they ever obtain possession of the money in the Bank of England.

Sir H. Elliot should see the Grand Vizier (or the Sultan) in person.

To delegate the matter to a Dragoman would only invite failure.

The success of General Ignatiew shows that the Porte can be brought to the point if matters are properly represented.

Should the present opportunity, viz., the armistice, be allowed to pass away, it will be more difficult than ever to bring the mind of the Porte to consider the question, which may be postponed *sine die*, and the Bond and Coupon Holders wearied out by the dilatoriness of the Turkish Government, will, beyond all doubt, apply to the Court of Chancery for relief, and the British and French Governments will then lose the advantages the proposed scheme offers to them.

(On behalf of the Egyptian Tribute Bondholders' League.)

St. Stephen's Chambers, Westminster, November 3, 1876.

No. 91.

Memorandum by Mr. Stewart upon the position of the 1854 *and* 1871 *Turkish Loans, guaranteed (principal and interest) upon the Egyptian Tribute.*—(*Communicated to the Earl of Derby by Mr. Stewart, November* 4.)

(Confidential.)

THE project for the settlement of these loans in conjunction with an arrangement for the placing the interest of the (guaranteed) 1855 Loan on the Egyptian Tribute as an additional security, which was submitted in the month of August to Her Majesty's Government, has been placed by Mr. Lawrence McEwen and the Honourable Randolph Stewart before the Porte.

During two months they have perpetually brought it to their notice both by letter and personal interview.

Amongst many others, it has been fully and exhaustively discussed with the following:—

His Highness the Grand Vizier, (Mehemet Ruchdi Pasha); his Highness Midhat Pasha, President of the Council; his Excellency Safvet Pasha, Minister of Foreign Affairs; his Excellency Ghalib Pasha, Minister of Finance; his Excellency Halil Chérif Pasha, Minister of Justice; his Excellency Mahmoud Pasha, High Chamberlain; his Excellency Saïd Pasha, first Aide-de-Camp to the Sultan; his Excellency Yaver Pasha, Director of Telegraphs; his Excellency Odian Effendi, Sub-Minister of Public Works; his Excellency Zufti Bey, Sub-Minister of Finance; his Excellency Caratheodori Effendi, Sub-Ministerof Foreign Affairs; M. Foster, Esq., C.B., Financial Adviser to the Porte; M. Terrain, Legal Adviser to the Porte; the Right Hon. Sir H. Elliot, G.C.B., Her Majesty's Ambassador.

Through the intervention of Mahmoud and Saïd Pasha, it has been submitted to His Imperial Majesty the Sultan himself.

It has received the full and unqualified assent and support of the various representatives of every class of Turkish Bondholders, whilst of the above list one and all, with one single exception, have completely and entirely accepted it as an honourable and equitable settlement of the difficulty, an arrangement at once generous to the Porte, serviceable to Her Majesty's Government, and at the same time just to the Bondholders.

The one single exception is that of his Highness Mehemet Ruchdi Pasha, Grand Vizier, who has placed himself in opposition both to his Sovereign and all the advisers of the Crown, and nervously declares, "Ce n'est pas le moment."

His Majesty has too recently acceded to the Throne under such peculiar circumstances to feel himself as yet sufficiently powerful to place himself in antagonism to the man who placed him there; but he is most anxious that strong pressure should be put on the Grand Vizier by Her Majesty's Ambassador.

It is an universally acknowledged fact that Mehemet Ruchdi, Grand Vizier, albeit an honest man, is the one fatal barrier to all reform, energy, or decision in Turkey.

The position, therefore, of the project is a most remarkable one. Sir Henry Elliot has unofficially given very valuable aid, but with the Turk there is but one way to carry anything: it was the way adopted by Lord Stratford de Redcliffe, it is the way more recently employed by General Ignatiew. Lord Stratford insisted—General Ignatiew insists—and, no matter how determined their previous resistance, no matter how protracted their opposition, the Turkish Government invariably gives way.

As a rule, Her Majesty's Government does not interfere in the matter of foreign loans, and interference in this case could not possibly be taken as a precedent, the circumstances connected with it being wholly and entirely exceptional. The action taken by the British Government in 1854 and 1855 has imposed upon the present Government the necessity of interfering with respect to the loans of those years, and the recent debate in Parliament upon the subject shows that such is felt to be the opinion of the country.

The British Government is not asked to do anything for the 1871 Loan. The holders of that loan, on the contrary, offer to surrender part of their strict rights to secure the position of the 1854 and 1855 Loans, thereby materially aiding the British Government and saving the pockets of the taxpayers of this country.

The project for the arrangement of these three loans, which has met with such universal acceptance, has never as yet been fairly submitted to the Council of Turkish Ministers, owing to the paramount influence of the Grand Vizier. The letter accompanying this Memorandum is a last appeal to the Turkish Government; it has been drawn up by M. Terrain, their own legal adviser, and may therefore be held to be a résumé of the opinions which can be stated on authority to have been already submitted by him to them on the subject. Should it be rejected, the Bondholders will have no resource left but to appeal to the Courts of Law of this country; they have already received the most eminent legal advice that such an appeal would have a successful issue. In that case, this project, by which the payment of the interest of the 1855 Guaranteed Loan is secured upon the Tribute, would fall to the ground, and the money for the same would have to be extracted from the British taxpayer. Delay therefore is very dangerous; from information received, should a favourable solution not be arrived at during the course of next week, several independent Bondholders have given notice of their intentions to bring the matter to a legal issue.

Under these circumstances, the only way possible to prevent the failure of a project so beneficial to everyone is, that Sir H. Elliot should be instructed to demand an audience of the Sultan, and to insist that it should be fairly and honourably submitted to the Council of Ministers; at the same time he should inform the Grand Vizier that Her Majesty's Government would not permit of any further delay, but were determined to insist upon fair play and an honourable and equitable arrangement of the matter. Were this done, the project would be accepted cordially and unanimously, without a shadow of doubt.

(Signed) RANDOLPH STEWART.

Inclosure in No. 91.

Mr. McEwen to Mehemet Ruchdi Pasha.

Altesse, *Therapia, le 23 Octobre*, 1876.

EN ma qualité de collègue et de mandataire de l'Honorable M. Randolph Stewart, Président de la Légue du Tribut d'Egypte, j'ai l'honneur d'exposer respectueusement à votre Altesse ce qui suit:

M. Randolph Stewart est parti pour Londres dans le but de décider les obligataires des Emprunts de 1854 et de 1871, garantis par le Tribut d'Egypte, à ajourner les réclamations judiciaires qu'ils se proposaient d'introduire devant les Tribunaux Anglais, à l'effet d'obtenir la distribution légale des fonds déposés à la Banque d'Angleterre, et provenant du dit Tribut. Cette démarche, toute dans l'intérêt du Gouvernement Impérial Ottoman, a été dictée par l'espoir d'un arrangement amiable entre la Sublime Porte et les obligataires que nous représentons. C'est pour ce motif que je viens, conformément aux instructions de mon collègue, soumettre de nouveau à votre Altesse, et d'une manière plus complète que nous ne l'avons fait jusqu'à présent, les considérations de toute nature qui recommandent notre projet à l'agrément du Gouvernement Impérial.

Avant d'entrer dans l'examen du fond même de la question, je crois nécessaire de répondre à l'idée exprimée par votre Altesse, et qui consiste à ajourner toute solution

relative au Tribut d'Egypte jusqu'au jour où le Gouvernement Impérial serait en mesure de prendre des arrangements pour le règlement de tous ses emprunts. Votre Altesse voudra bien remarquer que d'une part, ils nous est impossible de faire dépendre la reconnaissance des droits que nous représentons d'un arrangement général avec les autres créanciers de l'Etat, qui sont placés dans des conditions absolument différentes, et que, d'autre part, le Gouvernement s'exposerait, en adoptant ce système, à compliquer gravement sa situation et à augmenter les difficultés qu'il pourra rencontrer pour le règlement de sa dette intérieure et extérieure.

J'abordo maintenant l'exposé des considérations qui militent en faveur de notre projet.

La meilleure manière de procéder, pour porter la conviction dans l'esprit de votre Altesse, c'est de supposer que notre projet de transaction a été définitivement rejeté, et de rechercher quel sera, dans ce cas, la situation du Gouvernement Impérial. Si cette recherche amène à reconnaître que le Gouvernement pourra soustraire le Tribut d'Egypte à sa destination conventionnelle et légitime, et qu'il n'en résultera, pour la Turquie, aucun dommage moral ou matériel, il s'ensuivra logiquement que la Sublime Porte peut avoir raison de refuser l'arrangement qui lui est offert. Il résulte, au contraire, de cette recherche que le Gouvernement Impérial est et sera toujours impuissant à distraire le Tribut d'Egypte de sa destination légale, et que toute tentative dans ce sens, outre qu'elle serait infructueuse, porterait un coup fatal au crédit et à l'honneur de l'Empire Ottoman, il faudra reconnaître invinciblement que notre projet doit être pris en considération et accepté avec empressement.

Il y a deux manières de doter un emprunt d'affectations spéciales, à titre de garantie.

Par la première, le Gouvernement emprunteur promet d'affecter tel ou tel revenu au service de l'emprunt; mais il reste en possession du revenu donné en garantie; il ne s'en dessaisit point et n'est lié vis-à-vis du prêteur que par son seul engagement. Or, cet engagement ne diffère en rien de celui que le Gouvernement a pris de payer régulièrement l'intérêt et l'amortissement de sa dette. Les deux engagements sont identiques, et l'exécution de chacun d'eux dépend essentiellement et exclusivement de la bonne foi du Gouvernement.

Suivant l'autre système, le Gouvernement emprunteur attribue au prêteur, pour assurer le service de l'emprunt, un revenu spécial, dont il se dessaisit définitivement et irrévocablement au profit de son créancier, soit en le mettant en mesure de recouvrer lui-même le revenu, soit en lui donnant une délégation sur celui qui doit payer le revenu affecté. Dès lors le Gouvernement en est dessaisi, et le créancier en devient propriétaire incommutable, de telle sorte que, non-seulement le Gouvernement n'a pas le droit de réduire ou de retirer cette affectation, mais encore qu'il n'en a pas le pouvoir.

La première de ces hypothèses est celle que régit tous les emprunts extérieurs autres que ceux de 1854, de 1855, et de 1857. La seconde hypothèse est celle qui régit les deux emprunts dont nous représentons les intérêts. Dans le premier cas, les souscripteurs ont fait crédit à l'engagement du Gouvernement; dans le second cas, ils ont fait crédit au revenu délégué. Il n'existe, comme on voit, aucune assimilation possible entre ces deux catégories de créanciers. Ce n'est donc pas seulement parce que le Gouvernement s'est engagé par des actes et des Firmans solennels qu'il est aujourd'hui obligé de respecter ces Conventions, mais bien parce que le Tribut d'Egypte a cessé de faire partie du domaine de l'Etat et est devenu la propriété des obligataires de ces deux emprunts par le seul fait que la délégation consentie par le Gouvernement a été acceptée par le Vice-Roi d'Egypte, avec l'autorisation même de la Sublime Porte.

Ces principes sont tellement au-dessus de toute discussion que, s'il plaisait à la Sublime Porte d'ordonner au Vice-Roi de verser désormais le Tribut dans les caisses du Trésor, au lieu de l'envoyer à la Banque d'Angleterre, comme il s'y est engagé, il serait tenu de résister à cet ordre illégal, et, s'il venait à s'y conformer, il s'exposerait à subir la revendication des porteurs de titres des deux emprunts; revendication dont le premier effet serait la ruine de son propre crédit en Angleterre, indépendamment des mesures de rigueur qui seraient prises pour le contraindre à remplir son obligation.

Dès l'instant où le Tribut doit, nonobstant tout ordre contraire, être envoyé à la Banque d'Angleterre, la question se trouve toute résolue, car votre Altesse n'ignore pas que cet établissement ne se dessaisira jamais des fonds déposés qu'en faveur des obligataires des emprunts garantis par le Tribut d'Egypte. Les tentatives faites par Musurus Pacha, au mois de Février dernier, pour se faire remettre une partie des sommes

déposées; ont complètement échoué devant la résistance invincible de la Banque d'Angleterre; il n'existe donc, à cet égard, aucun doute possible. Il est vrai que la Banque conservera les fonds dans sa caisse, jusqu'à ce que la Sublime Porte consente à ce qu'ils soient employés au service des emprunts garantis par le Tribut, ou bien jusqu'à ce qu'un jugement émané des Tribunaux Anglais lui ordonne de s'en dessaisir; mais je ne suppose pas qu'il soit nécessaire de démontrer à votre Altesse que, le jour où la question serait portée devant les Tribunaux d'Angleterre, les porteurs d'obligations de 1854 et de 1871 obtiendraient, sans difficulté, et en vertu des principes posés plus haut, un jugement qui ordonnerait à la Banque de leur délivrer les sommes disponibles du Tribut d'Egypte; sommes qui leur appartiennent légitimement et exclusivement.

Je crois avoir démontré jusqu'à l'évidence que le Gouvernement Impérial n'a pas le droit de contester aux Emprunts de 1854 et de 1857 l'attribution du Tribut d'Egypte, et que, qui plus est, il n'a pas le pouvoir de le leur enlever.

Est-il besoin, après cette démonstration, de faire ressortir tout le dommage moral qui résulte pour le Gouvernement, de la force d'inertie qu'il oppose à l'exercice des droits indiscutables des obligataires des emprunts garantis par le Tribut d'Egypte? Cette résistance, qui n'a d'autre effet que d'immobiliser gratuitement des sommes considérables dans les caisses de la Banque d'Angleterre, compromet l'honneur du Gouvernement et contribue à entretenir les sentiments d'hostilité de ses ennemis et à décourager le zèle et le dévouement de ses amis. Un acte illégal n'est sans doute jamais excusable, même quand il est profitable à celui qui l'accomplit; mais que dire d'un acte qui, tout en étant contraire au droit et à l'équité, est, en même temps, absolument stérile, soit pour le présent, soit pour l'avenir.

Nous aurions donc pu, mon collègue et moi, venir demander à votre Altesse l'exercice intégral des droits obligatoires des Emprunts de 1854 et de 1871, et le Gouvernement Impérial n'aurait pu, sans injustice et sans danger, rejeter notre demande. Dans ce cas, voici quelle serait sa situation au point de vue financier:—

	£ Anglais.
Le montant total des sommes nécessaires au service des trois Emprunts garantis par le Tribut d'Egypte étant de	859,000
Et le montant total du Tribut d'Egypte étant de	681,000
Le Gouvernement aurait encore à trouver, pour parfaire ces trois services, une somme de	178,000

Or, cette somme de 178,000*l.* devrait toujours être payée, chaque année, par le Gouvernement, en dehors du Tribut d'Egypte, puisqu'elle représente exactement la somme nécessaire pour compléter le service de l'Emprunt de 1855, garanti par la France et l'Angleterre.

En regard de cette situation, à laquelle, je le répète, le Gouvernement Impérial ne saurait se dérober, si les porteurs des emprunts voulaient rester dans leur droit strict, je place sous les yeux de votre Altesse la situation qui sera faite au Trésor Impérial par l'adoption de notre projet de transaction:—

	£ Anglais.
L'Emprunt de 1854 lui fait une remise annuelle de:	48,100
Et l'Emprunt de 1871, une remise de	129,900
Total	178,000

Somme précisément égale au déficit annuel auquel le Gouvernement serait obligé de pourvoir, au moyen des autres ressources.

Si l'on songe que cette somme de 178,000*l.*, capitalisée à 12 pour cent, représente 6,000,000*l.* Anglais, et qu'en outre l'acceptation de notre combinaison fait entrer immédiatement 75,000*l.* Anglais environ dans les caisses du Trésor, on comprendra l'importance des avantages qu'elle procure au Gouvernement et l'intérêt qu'il doit avoir à l'adopter sans hésitation et sans retard.

Je prie votre Altesse de considérer que, le jour où les obligataires que nous représentons auraient à défendre leurs intérêts dans un règlement général de toutes les dettes de l'Empire, il est évident qu'ils ne consentiraient plus à faire l'abandon d'aucune partie de leurs droits, et qu'ils exigeraient le respect intégral de leurs priviléges. C'est assurément ce qui arriverait si le Gouvernement Impérial refusait de reconnaître dès aujourd'hui les principes que je viens de développer, et rejetait ou ajournait une proposition qui n'a été inspirée à ses créanciers privilégiés que par le désir d'éviter l'emploi des voies judiciaires et d'épargner au Gouvernement Impérial

les conséquences désastreuses d'une lutte aussi préjudiciable à sa dignité et à son honneur qu'à ses intérêts matériels.

Votre Altesse daignera remarquer que, pour écarter toute idée de pression morale sur les résolutions du Gouvernement Impérial, je me suis abstenu de faire valoir aucune considération politique; mais votre Altesse pourra s'assurer près de son Excellence l'Ambassadeur, que le Gouvernement de Sa Majesté la Reine verrait avec satisfaction un arrangement amiable intervenir entre la Sublime Porte et les porteurs des Emprunts de 1854 et de 1871.

Plein de confiance dans la haute intelligence et dans l'esprit de justice qui distinguent votre Altesse, j'ai cru pouvoir n'appuyer notre proposition que sur des faits irrécusables et sur des arguments indiscutables.

J'ai, &c.
(Signé) LAWRENCE T. McEWEN.

No. 92.

Lord Tenterden to Mr. Lingen.

Foreign Office, November 9, 1876.

Sir,

WITH reference to your letter of the 26th ultimo, I am directed by the Earl of Derby to transmit to you the accompanying draft of a despatch which his Lordship proposes to address to Her Majesty's Ambassador at Paris,* respecting the Turkish Loans of 1854 and 1855; and I am to request that, in laying the same before the Lords Commissioners of Her Majesty's Treasury, you will move them to favour Lord Derby with any observations they may have to offer on this draft.

I am, &c.
(Signed) TENTERDEN.

P.S.—I am to request that the inclosed draft may be returned.

No. 93.

Mr. Stronge to Lord Tenterden.—(Received November 10.)

Treasury Chambers, November 9, 1876.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 2nd instant, in which you state that the Secretary of State approves the proposal made by this Board in their letter of the 26th ultimo, with reference to the Turkish Loans of 1854 and 1855, and that he will carry it out by an instruction to Her Majesty's Ambassador at Paris.

I am to request you to convey to Lord Derby their Lordships' satisfaction on learning his decision, and I am to express a hope that it may be in his power to despatch the instruction within a few days.

I am, &c.
(Signed) CHARLES W. STRONGE.

No. 94.

Lord Tenterden to Mr. Stewart.

Foreign Office, November 10, 1876.

Sir,

I AM directed by the Earl of Derby to inform you that his Lordship has referred to the Lords Commissioners of Her Majesty's Treasury the Memorandum left by you at this Office on the 4th instant respecting the Egyptian Tribute Loans, and also the communication made by you on the 7th instant,† respecting the non-payment of the sinking fund of the 1855 Loan.

I am, &c.
(Signed) TENTERDEN.

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* No. 98.

† See No. 95.

No. 95.

Lord Tenterden to Mr. Lingen.

Foreign Office, November 10, 1876.

Sir,

I AM directed by the Earl of Derby to acquaint you that Mr. Randolph Stewart called at this Office on the 7th instant, on behalf of the Egyptian Tribute League, and stated that the Turkish Government have not paid the sinking fund of the 1855 Loan for this year, which amounts to 97,000*l.*, and which, unless paid, will remain a permanent liability upon the guaranteeing Governments.

I am to request that you will bring this statement to the notice of the Lords Commissioners of Her Majesty's Treasury, and to move their Lordships to inform Lord Derby whether it is correct, and if so, whether they consider it advisable, that a representation on the subject should be made to the Turkish Government.

The object of this communication on the part of the Bondholders' League is, it is understood, to bring pressure upon the Porte for the adoption of the scheme of settlement for the Tribute Loans advocated by them.

Their Lordships will remember that although the sinking fund is not guaranteed by the Governments of England and France, provision was made first in the 1st Article of the Convention of June 27th, 1855.

I am, &c.
(Signed) TENTERDEN.

No. 96.

Lord Tenterden to Mr. Lingen.

Foreign Office, November 10, 1876.

Sir,

WITH reference to my letters of yesterday, and to my other letter of this day's date, I am directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, the accompanying memoranda, which were communicated to his Lordship on the 4th instant by Mr. Randolph Stewart, respecting the Egyptian Tribute Loans.*

It is requested that the inclosures in this letter may be returned.

I am, &c.
(Signed) TENTERDEN.

No. 97.

Mr. Law to Lord Tenterden.—(Received November 16.)

Treasury Chambers, November 16, 1876.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request your Lordship to inform the Earl of Derby that they have considered the letter which it is proposed to address to Her Majesty's Ambassador in Paris (and of which you inclosed the draft in your letter of the 9th instant) on the subject of the Turkish Guaranteed Loans of 1854 and 1855, and that my Lords entirely concur in the terms of it.

They would suggest that, in the paragraph stating the opinion of Her Majesty's Government that the Loan of 1854 stands on a different footing from other subsequent loans (the Guaranteed Loan excepted), it would be well, for the sake of clearness, to insert after the words "There is no necessity for the two Governments to interfere," the words "in the case of other loans."

The draft is herewith returned in accordance with your Lordship's request.

I am, &c.
(Signed) WILLIAM LAW.

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* Nos. 89, 90, and 91.

No. 98.

The Earl of Derby to Lord Lyons.

(No. 973.)

Foreign Office, November 18, 1876.

My Lord,

HER Majesty's Government have had under their consideration for some time past the delays of the Turkish Government in meeting the charge of the Imperial Ottoman Guaranteed Loan of 1855, respecting which a long correspondence took place in the beginning of this year, and also the claims of the Bondholders of the Turkish Loan of 1854.

Your Lordship is doubtless aware that a discussion took place during the last session of Parliament relative to the Loan of 1854, when Mr. Russell Gurney moved, that an humble address be presented to Her Majesty praying her to direct a communication to be made to the President of the French Republic in order to ascertain whether the French Government would unite with the Government of Her Majesty in pressing upon the Government of Turkey the complete fulfilment of the conditions upon which the Loan of 1854 was contracted; that the motion received a large amount of support upon both sides of the House; that the Chancellor of the Exchequer, as the Representative of the Government, stated that they were not insensible to the case that had been brought forward, that it was one that had engaged their attention for a considerable time, and that they were prepared to place themselves afresh in communication with the Government of France upon the subject; and, finally, that Mr. Russell Gurney, on the faith of this assurance, and at the request of the Chancellor of the Exchequer, withdrew his motion.

Since that date another dividend has become due to the holders of the Guaranteed Loan of 1855, which the Turkish Government failed to provide at the time, so that it was necessary for Her Majesty's Government to ask the Bank of England to make a temporary advance in order that the Turkish Government might have an opportunity of keeping faith with the Guaranteeing Powers. In the end the necessary funds were provided, but only after long delay, much correspondence, inconvenience to the Guaranteeing Powers, and needless discredit to the Porte itself.

After a careful review of the whole question, Her Majesty's Government have come to the conclusion that no time should be lost in taking such action as may be necessary in order both to fulfil the pledge given to Parliament, and to put an end to the complications which cause such unprofitable discussions whenever a dividend on the Guaranteed Loan of 1855 falls due.

But it is necessary, in the first place, to ascertain whether the French Government are prepared to join with the Government of Her Majesty in a representation to the Porte on behalf of the Bondholders of 1854. The justification of such a representation is to be found in the belief publicly expressed by the two Governments in 1854, that the Turkish Government would fulfil its promises, the object of that public expression of opinion having been to assist an Allied Power in procuring money for the prosecution of a war, in which the two Powers were supporting it.

I have, therefore, to request your Excellency to address a communication to the Duc Decazes asking the views of the French Government as to making a joint representation from the English and French Governments to the Porte on the subject of these two loans.

It will be necessary in doing so to state distinctly that Her Majesty's Government hold that the Loan of 1854 stands on a different footing from subsequent loans (the Guaranteed Loan excepted), and that there is no necessity for the two Governments to interfere in the case of other loans between the Porte and its ordinary creditors, and that the joint good offices of the two Governments should be confined to that loan which was introduced into the money market upon a recommendation of the Governments of England and France, with the view of obtaining money for the prosecution of a war in which England and France equally with Turkey were engaged.

Your Excellency will also state that Her Majesty's Government think it desirable that the two Governments should comment upon the delays which have taken place in meeting the charge of the Guaranteed Loan of 1855, and point out to the Turkish Government that the obligations of the Guaranteeing Powers are to the creditors under the loan, and that they are bound to make good that obligation whenever the Turkish Government fails to provide the necessary funds in time; that it is, therefore, useless for the Turkish Government to plead that it has provided funds, unless these funds are actually receivable by the holders of the loan; and that the two Governments can take no account of the disagreements between the Turkish Government and its agents, the Bank of

England, for if the creditors do not receive their dividends on the appointed day, the two Governments are liable for the amount of those dividends.

It is evident that the Porte incurs discredit by its present mode of proceeding, which Her Majesty's Government believe it would be easy to avoid, and it is in their opinion incumbent on the two Governments to press upon the Porte, both in its own best interest, and for the satisfaction of its honour, the necessity of coming to an immediate agreement with the holders of the Loan of 1854.

It appears also to Her Majesty's Government worthy of consideration whether in the interests of all concerned it might not be well that the two Governments should proffer their good offices, if necessary, to facilitate the conclusion of the agreement.

I am, &c.
(Signed) DERBY.

No. 99.

Mr. Law to Lord Tenterden.—(Received November 21.)

Treasury Chambers, November 20, 1876.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your Lordship's letter of the 10th instant, and the memoranda which accompanied it, respecting the Egyptian Tribute Loans, and referring to the 4th paragraph of Mr. Scudamore's memorandum of the 23rd October, I am to request you to inform the Earl of Derby that my Lords are not aware that the Chancellor of the Exchequer made such a declaration as Mr. Scudamore attributes to him.

The papers are herewith returned.

I am, &c.
(Signed) WILLIAM LAW.

No. 100.

Lord Lyons to the Earl of Derby.—(Received November 22.)

(No. 975.)

Paris, November 21, 1876.

My Lord,

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 973 of the 18th instant, which I received this morning, and which directed me to propose to the French Government to join in a representation to the Porte respecting the Ottoman Loans of 1854 and 1855.

I have, &c.
(Signed) LYONS.

No. 101.

Lord Tenterden to Mr. Law.

Foreign Office, November 23, 1876.

Sir,

WITH reference to your letter of the 16th instant, I am directed by the Earl of Derby to transmit herewith, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of the instruction which his Lordship has addressed to Her Majesty's Ambassador at Paris on the subject of the Turkish Loans of 1854 and 1855.*

I am, &c.
(Signed) TENTERDEN.

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* No. 98.

No. 102.

Lord Tenterden to Mr. Law.

Foreign Office, November 24, 1876.

Sir,

WITH reference to your letter of the 20th instant, stating that the Lords Commissioners of Her Majesty's Treasury are not aware that the Chancellor of the Exchequer made such a declaration as that attributed to him in the 4th paragraph of Mr. Scudamore's memorandum of the 23rd October, viz., "That the Egyptian Tribute will, under any circumstances, continue to be sent direct to England from Egypt," I am directed by the Earl of Derby to request that you will move their Lordships to inform him whether they wish Mr. Scudamore's statement to be contradicted.

I am, &c.
(Signed) TENTERDEN.

No. 103.

Messrs. Ashurst and Morris to the Earl of Derby.—(Received November 30.)

6, Old Jewry, London, E.C., November 29, 1876.

My Lord,

WE have the honour to send you herewith notice of an intended application for a Bill in Parliament affecting the Turkish Tribute Loans of 1854 and 1871, and the Turkish Guaranteed Loan of 1855.

The object of the intended Bill is to carry out the proposed arrangement as to the said loans which was recently submitted to and favourably entertained by the Governments of Turkey, England, and France.

In due course a copy of the Bill shall also be submitted to your Lordship, and if any further information upon the subject should be desired, we shall be at all times ready to afford it.

Trusting to have the concurrence of the English Government in a measure which has for its object, by concessions on the part of the 1854 and 1871 bondholders, to effect a compromise which will, it is hoped, be acceptable to all interests, we have, &c.

(Signed) ASHURST, MORRIS, and CO.

Inclosure in No. 103.

In Parliament.—Session 1877.

Turkish Tribute Loan, 1854,—Turkish Guaranteed Loan, 1855,—and Turkish Tribute Loan, 1871.

(Application of the Funds belonging to the above Loans; Modification of terms of Bonds; and Rearrangement of Securities and other purposes.)

NOTICE is hereby given, that application is intended to be made to Parliament in the ensuing Sessions for leave to bring in a Bill for all or any of the following amongst other purposes (that is to say):—

1. To provide for the application and (if need be) to settle and confirm a scheme of arrangement for the future administration of the moneys now deposited with, or which from time to time shall be remitted to the Bank of England on account of the the tribute or tributes of Egypt, constituting the security for the above-mentioned loans or some of them on the following basis, or such other basis or terms as shall be sanctioned by Parliament, with or without the consents of the persons or classes of persons, or some of them affected thereby, viz.:—

1. As to the 1854 Loan.—To be entitled to its full interest of 6 per cent., and about one-half of its sinking fund.

2. As to the 1855 Loan.—Both interest and sinking fund to be paid in full.

3. As to the 1871 Loan.—Interest at 5 per cent. (in lieu of 6 per cent.) in each year to be accepted by the bondholders in full of all claim for interest or sinking fund until the redemption of the 1854 Loan, when the full interest and sinking fund in respect of this loan shall thenceforward be resumed.

II. To release the Turkish Government from the payment of any larger amount for interest or sinking fund in respect of the said loans, beyond the amount to be fixed by the said Bill or scheme, notwithstanding the terms of security given and bonds issued for the said Loans of 1854 and 1871 respectively.

III. To make all necessary provisions for carrying into effect any schemes sanctioned by the said Bill, subject to any reservation of the rights, or provision for the indemnification of absent parties, and to confer all requisite powers upon incapacitated and other bodies and persons, and to indemnify and save harmless all trustee and other persons or bodies interested in or holders of the moneys or securities to be dealt with under the powers of the said Bill.

IV. To give power to vary or extinguish all rights and privileges inconsistent with, or which would or might in any way interfere with the objects of the Bill, and to confer other powers, rights, and privileges in connection with the objects and purposes of the said Bill.

Printed copies of intended Bill will, on or before the 21st day of December next, be deposited in the private Bill Office of the House of Commons.

Dated this 27th day of November, 1876.

ASHURST, MORRIS, and CO.,
6, Old Jewry, London,
Solicitors for the Bill.

WYATT, HOSKINS, and HOOKER,
28, Parliament Street, Westminster,
Parliamentary Agents.

No. 104.

Mr. Law to Sir J. Pauncefote.—(Received December 2.)

Treasury Chambers, November 30, 1876.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Earl of Derby, with reference to your letter of the 24th instant, that they think it would be desirable to ask Mr. Randolph Stewart to name the occasion on which the Chancellor of the Exchequer made the statement cited by Mr. Scudamore in the 4th paragraph of the memorandum which was inclosed in Mr. Stewart's letter of the 4th instant to the Foreign Office, respecting the Egyptian Tribute Loans.

I am to request that my Lords may be furnished with copies of the inclosures which accompanied Lord Tenterden's letter of the 10th instant, and which, being in original, were returned in the Treasury letter of the 20th instant.

I am, &c.
(Signed) WILLIAM LAW.

No. 105.

Mr. Law to Lord Tenterden.—(Received December 2.)

Treasury Chambers, December 1, 1876.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state, for the information of the Earl of Derby, that my Lords concur in the instructions which his Lordship has addressed to Her Majesty's Ambassador at Paris on the subject of the Turkish Loans of 1854 and 1855, as detailed in the despatch of 18th ultimo, inclosed in your letter of 24th ultimo.

I am, &c.
(Signed) WILLIAM LAW.

No. 106.

Lord Tenterden to Messrs. Ashurst and Morris.

Foreign Office, December 4, 1876.

Gentlemen,

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 29th ultimo, inclosing notice of an intended application for a Bill in Parliament affecting the Turkish Loans of 1854, 1855, and 1871.

I am, &c.
(Signed) TENTERDEN.

No. 107.

Lord Tenterden to Mr. Lingen.

Foreign Office, December 4, 1876.

Sir,

I AM directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a letter from Messrs. Ashurst and Morris, inclosing notice of an intended application for a Bill in Parliament affecting the Turkish Loans of 1854, 1855, and 1871.*

I am, &c.
(Signed) TENTERDEN.

No. 108.

Lord Tenterden to Mr. Stewart.

Foreign Office, December 11, 1876.

Sir,

WITH reference to Mr. Scudamore's memorandum of the 23rd of October respecting the Egyptian Tribute Loans which you left at this office on the 4th ultimo, I am directed by the Earl of Derby to ask you to have the goodness to name the occasion on which the Chancellor of the Exchequer made the statement cited in the 4th paragraph of that memorandum, viz., "that the Egyptian tribute will, under any circumstances, continue to be sent direct to England from Egypt."

I am, &c.
(Signed) TENTERDEN.

No. 109.

Mr. Stewart to the Earl of Derby.—(Received December 12.)

St. Stephen's Chambers, Westminster Bridge, December 12, 1876.

My Lord,

IN reply to yours of yesterday's date asking me to inform you, for the Earl of Derby's satisfaction, the occasion on which the Chancellor of the Exchequer stated that the Egyptian tribute must continue to be sent direct to this country, I have the honour to refer you to the debate inaugurated by the Recorder of London on the subject of the 1854 Turkish Loan on the 21st July of this year, in the course of which the Chancellor of the Exchequer made use of the following observations: —

"She must pay the Egyptian Tribute into the Bank of England, and the Bank would not allow her to apply it to any other purpose." And further on: "With respect to that, after all, the bondholders (of the 1854 Loan) had some advantage over the other creditors, because they had at least a material guarantee that the Egyptian Tribute, as at present arranged, must come into the Bank of England, and was there held for their ultimate, if not for their immediate benefit."

I would beg respectfully to request you will also call the attention of his Lordship to the promises which the Chancellor of the Exchequer made to the House of Commons at the conclusion of the debate: "That Her Majesty's Government were not insensible to the gravity of the responsibility which rested upon them in this matter;" and to point out

* No. 103.

that, at a very considerable expenditure of time and money, the bondholders have made a most ample and generous offer to the Turkish Government by means of a compromise which, at one and the same time, made them a present of 178,000*l.* annually, relieved Her Majesty's Government of any anxiety and responsibility with respect to the 1855 Guaranteed Loan, precluded the chances (which, unless the arrangement in question is agreed to, may probably be reckoned as certainties) of the tax-payers of this country having to pay the Guaranteed Loan, and was considered an equitable and satisfactory settlement by all concerned.

Against this settlement one man, and one man only, is the obstacle, the present Grand Vizier.

My Lord, at this present moment Her Majesty's Government, in consequence of the presence of the Marquis of Salisbury at Constantinople as Plenipotentiary, have it in their power to insist upon their subjects' rights being respected. In the eyes of this country the rights of Her Majesty's subjects are equally as important as those of the Christian subjects of the Porte, and they have the same claim to ask the Government to prevent their being swindled out of their money now as they had if the Grand Vizier had tried to swindle them in 1854 immediately after, at the earnest solicitations of Her Majesty's Government, they had lent their money to Turkey. Your Lordship will see that it is impossible for the Bondholders to be contented to be put off any longer in the way they have been, and that, when Parliament meets, they will have no alternative but to submit again to the people's representatives the way they have been treated.

All the trouble and anxiety which this subject must have given to Her Majesty's Government, and which it most assuredly in a tenfold greater degree will do in the future, unless an amicable arrangement is arrived at at once, could be put an end to for ever if the Marquis of Salisbury were instructed to inform the Grand Vizier that Her Majesty's Government cannot permit their subjects any longer to be treated in the very disgraceful way in which the Tribute Bondholders have been treated by the Grand Vizier, and that they must insist upon an immediate settlement of their claims. My colleague, Mr. Lawrence McEwen, is still at Constantinople, having been there nearly four months, detained simply by the obstinacy of the Grand Vizier, when it is notorious, as I can vouch for, that if Her Majesty's Government would instruct their Ambassador to impress upon the Porte, in the same way that the Russian Ambassador is in the habit of doing, and as the English Ambassador used to do previous to 1854, their determination that right should be done, the whole matter would have been settled in two days.

I have, &c.

(Signed) RANDOLPH STEWART.

Inclosure in No. 109.

Extract from the "Times" of July 22, 1876.

THE Chancellor of the Exchequer said that, before he proceeded to make any remarks upon the motion, he wished to set himself right in reference to an interruption of his during the speech of his right honourable friend opposite. His right honourable friend was speaking of the course taken by Lord Clarendon and M. Drouyn de Lhuys in 1854, and stated that, in recommending the loan then about to be recommended on behalf of Turkey, they adopted upon the whole the best course that could be taken in the circumstances. His right honourable friend compared that course with the alternative of guaranteeing the loan, and asked the House, in defence of the policy acted upon, whether it was not a better mode of proceeding than guaranteeing the loan. He interrupted his right honourable friend by saying "No," while following the argument in his own mind that the letters of Lord Clarendon and M. Drouyn de Lhuys involved us in some obligation equivalent to a guarantee. His right honourable friend reminded him of the part he (the Chancellor of the Exchequer) took in 1855, but in that year he voted against guaranteeing the loan, and he had no doubt that, had the question been discussed in 1854, he should have given a similar vote. The reason for his interruption was this—it struck him that, if instead of encouraging the Loan of 1854, we had acted as we did in the following year, then, instead of finding ourselves in 1876 under some kind of obligation, unexplained and indefinite in its character, we should be absolutely clear of any obligation whatever. His right honourable friend said that the Chancellor of the Exchequer might have had to ask Parliament for money to pay the sum so guaranteed, but on that point he took issue with his right honourable friend. He begged to call attention to this rather simple calculation. The nominal capital of the Turkish Loan of 1854 amounted to

3,000,000*l.*, but it was issued at 80, and therefore the lenders paid only 2,400,000*l.* In January 1876 there remained unpaid a sum of about 890,000*l.*, representing 1,117,000*l.* nominally. Now, if the lender had perfect security, he would not have received more than 4 per cent., because in the following year the loan was raised at 4 per cent. In point of fact, the amount which the lender received in 1854 was 6*l.* on 80*l.*, or 7½ per cent. If that 7½ per cent. were to be divided between the 4 per cent. which the lender would receive on the Guaranteed Loan, and the 3½ per cent. which remained over, and if that 3½ per cent were applied by way of sinking fund, he would in twenty-one years have got back his capital and something more. In that case, therefore, the whole of the loan would have been paid off. It was because he had that calculation in his mind that he was induced to say that something better could have been done; that Turkey would have received more efficient help, and we should have been free from responsibility. (Hear.) He now wished to ask for a few minutes the candid and unbiassed attention of the House to that position in which we stood. Nobody could doubt that the position was a very serious one, and deserved very earnest consideration. No one could doubt that on any question which could by any construction be represented as touching the honour of England we ought to be very jealous of that honour, and very careful of the course that we might take. But he was quite certain he was speaking the sentiments of his noble friend Lord Derby and of the Government when he said that the importance of watching jealously over the honourable obligations of England in this matter was as much present to their minds as it was to the mind of his right honourable friend, or any Member of this House. His right honourable friend spoke very naturally with some personal feeling in this matter, because he represented in this House the Government by whom that obligation had been incurred. Well, he entirely accepted the proposition laid down by his right honourable friend that the Government of England was not the Administration in power at any particular time, and that where the Government of one day pledged the national faith in any particular, succeeding Governments were bound in honour to take up the engagement. (Hear, hear.) When his right honourable friend asked, were not Her Majesty's Government to consider the letters of Lord Clarendon and M. Drouyn de Lhuys binding? his answer was that they did as far as they would be binding on Lord Clarendon and M. Drouyn de Lhuys, but Her Majesty's Government did not say that the successors of Lord Clarendon and M. Drouyn de Lhuys incurred any greater obligation. (Hear, hear.) Now, what was the nature of that obligation, for by the answer to that question the position of Her Majesty's Government was to be measured. And here he would call the attention of the House to the very great delicacy of dealing with matters of this sort. We must not allow hard cases to lead us to the adoption of false general principles. We must bear in mind the proper principles upon which to proceed in relation to the debts owing to British subjects by foreign Powers. Nothing would be more dangerous to the interests of this country, or of the lending classes of this country, than that we should give a fictitious support to their transactions with foreign Powers by holding out a sort of indefinite hope that in some way or other the money they might lend would be looked after for them by the British Government. (Hear, hear.) If there were cases in which British subjects had advanced money to foreign Powers, on the full conviction that those Powers were offering good security and fair interest, they must take the risk. But if we led the lender to think that in case the Power to which he lent money made default he would get the aid of his own Government to recover his money, we should be encouraging him to believe that he had got a security which he had not. It was all very well to say we were not to be driven to the use of force in these matters. It was all very well for his right honourable friend to say, "I don't ask you to send your ships to Besika Bay." But if we did accept the task of pressing an obligation on a foreign Power, and that Power treated us with contempt, what was the ultimate resort? (Hear.) Were we to go as far as we could, but when the moment for action came were we to say we did not intend to go quite so far? If we acted in that way we should place ourselves in an unworthy and ludicrous position. A half support was a very awkward thing to give, and that remark he would apply to the letters of Lord Clarendon and M. Drouyn de Lhuys, because those letters falling short of an actual guarantee, did encourage the belief that a considerable amount of support was given by the two Governments, and we were now disputing what was the amount of obligation incurred by those letters. It would have been far better if we were going to do anything at the time to have come forward frankly and said that we would give a guarantee. But what we did fell far short of that. Instead of the loan having been raised on the favourable terms on which the loan in the following year was raised when we gave the guarantee, it was raised on unfavourable terms. Turkey did not get what she expected, and it was suggested that we were in some shape or other to assist the bondholders. His right honourable friend the Member for Greenwich stated

that the loan was obtained entirely and exclusively in consequence of the letters of Lord Clarendon and M. Drouyn de Lhuys, and he justified the statement in this way—that when Turkey first began to make efforts to raise a loan, not having that support she failed; but when the support of Lord Clarendon and M. Drouyn de Lhuys was given she obtained the money. Now he did not know precisely all that occurred before the loan, but this he did know,—before the proceedings which terminated in the loan, an attempt was made by Turkey to raise a loan through the agency of Baron Rothschild, and in March 1854 Baron Rothschild put himself in communication with the Foreign Office with respect to it. Baron Rothschild had an interview with Lord Clarendon, and the result was that he wrote to the Foreign Office, and he received from the Foreign Office a letter informing him that "the best exertions of Her Majesty's Government would always be used to secure on the part of the Turkish Government the strict fulfilment of the conditions on which the loan was made." The position of his right honourable friend the Member for Greenwich was, he took it, as nearly as possible defined by these words. (Mr. Gladstone dissented.) Then he did not know what his right honourable friend meant. His right honourable friend did not say, inasmuch as they had misled the subscribers to the loan, they ought to pay the money out of the national exchequer, but he said they ought to come forward and use their best exertions in order to secure from the Turkish Government a strict fulfilment of the terms on which the loan was issued. That he took to be the position of both his right honourable friends the Recorder and the Member for Greenwich. That was what the Foreign Office told Baron Rothschild—that the moral support of the Government would be given, and yet he failed to raise the loan, but subsequently the object was attained, and how? Not by giving any greater pledge, but by something rather short of that—by the hypothecation of the Egyptian Tribute as a special security. It was when that arrangement, conducted under the auspices of the French and English Governments, was completed that the loan was issued. It was not upon any moral obligation, but on a material arrangement, by which so much money was to be paid into the Bank of England in the shape of Egyptian Tribute; it was on that basis, when they changed from the moral support to the material guarantee, that the loan was actively carried into effect. That led them to examine the position of this Egyptian tribute. His right honourable friend said this money which Turkey was called on to apply to the payment of her debts was not under her control. She could not make any other use of it than pay it to her creditors. To a certain extent that was true; but not without certain limitations. She must pay the Egyptian tribute into the Bank of England, and the Bank would not allow her to apply it to any other purpose. That was true; but if Turkey only authorized the Bank of England to appropriate one-half in payment of the loan in February, there would remain the other half standing over, and that might be used by Turkey in the next half year. At the present moment there was lying in the Bank of England a considerable sum of money paid as Egyptian Tribute in February, which was held subject to the orders of the Turkish Government. The Bank of England would not allow it to be appropriated to any other purpose, but it would be available for the interest. He thought these things ought to be known, because it ought to be understood exactly what our position was. But while he said these things, qualifying as they did some of the propositions rather hastily and rashly taken up on that subject by some honourable member, and still more by persons outside, he was very far indeed from desiring to deny or depreciate the amount of responsibility which rested on the English Government to see justice done as far as they could in this matter. (Hear, hear.) He was very sensible of the moral obligation laid upon them in consequence of the assurances given by Lord Clarendon and M. Drouyn de Lhuys. The Government, indeed, were very far from denying the fact that these assurances thus given did raise to some extent an obligation in respect to those loans which would not exist in the case of other loans. At the same time they must be cautious, they must take care how far the language used by the Government in respect to any particular loan was to be considered as involving an obligation to act with regard to the recovery of other loans.

His right honourable friend rather reproached the Member for Newcastle for venturing to introduce the case of other loans, and he said those other loans had nothing to do with this discussion. They ought not to complicate matters by bringing into the discussion other loans. Now that was a very easy position for his right honourable friend to take. Care must be exercised that in what we might do, or in what we might allege, we do not affect our obligations in respect of other loans. That of 1862 was materially assisted by the insertion in the prospectus of a letter from Earl Russell, who was then Secretary for Foreign Affairs, as to the condition of Turkey and its ability to meet its obligations. (Mr. Gladstone.—Would you read it, please?) He had not the letter at hand at the moment. He was not contending for a moment that the letter of Earl Russell in that

case amounted to as much as Lord Clarendon's in this, but he was saying that we must take care how far we acknowledged any action on the part of the British Government as involving an obligation on the part of the British Government going further than it professed to go. Undoubtedly these letters by acknowledgment did not go the length of a pure guarantee, but it was a question how far they actually did go. If they only went so far as to involve the statement of the belief of the Government of the two countries that Turkey could and would meet her engagements, it might possibly be felt there was difficulty with regard to other loans that were issued with the same kind of acknowledgment. But this was not to be treated quite in the way his right honourable friend proposed. It must be remembered that when we were calling upon the Government of Turkey to make any particular arrangement with regard to any portion of its debt, this arrangement to a certain extent, it might be a limited extent, did affect the position of the other creditors, and it was not unreasonable that we should at least consider in what we did whether it affected the interests of other creditors. He was far from saying that the interests of other creditors had an equal claim upon us with the interests of those connected with the Loan of 1854. He was far from saying that anything like the same obligation rested upon us, but we must be careful we did not treat these matters as if we could shut out or put on one side every other consideration except this particular case of the Loan of 1854. With regard to that, after all the bondholders had some advantages over the other creditors, because they had at least a material guarantee that the Egyptian tribute, as at present arranged, must come into the Bank of England, and was there held for their ultimate if not for their immediate benefit. Therefore they were not so wholly left without security as some other creditors might possibly be, and he was quite prepared to admit, in the interests of these creditors, that there was a special obligation to consider and have regard to. His right honourable friend might fairly say it was a matter in which we were not alone; in was a matter in which the position of the French Government as well as of our own had to be considered, and he thought it would be unfortunate if by any vote or hasty action of the House we were apparently to take any step without placing ourselves in communication with the French Government on the matter. Negotiations had been going on with a view to effecting arrangements, and at one time he was in hope they might lead to a more satisfactory result than they had. He did not know how far they were to accept the consoling assurances of the honourable member for Newcastle, which he had heard with great pleasure, though for the first time, to-night; but he was prepared to say, on behalf of the Government, that they were not insensible to the case that had been brought forward, that it was one which had engaged their attention for a considerable time, and they were prepared to place themselves in communication afresh with the Government of France on the subject. He did not feel justified in saying more than that at present, but he wished to remind the House of the extreme delicacy of their position, and to express an earnest hope that his right honourable friend would be satisfied with having called attention to the subject and eliciting the expression of opinions he had done, and would trust to the effect the expression of those opinions might have rather than to a formal vote of the House upon the subject.

Mr. J. Holms admitted that this was a delicate subject to discuss, and said that its importance arose from the expressions of opinion in favour of the Loan of 1854 that were given by Lord Clarendon and M. Drouyn de Lhuys, although other loans seemed to have derived some support from the letter of Lord Russell that had been referred to. The Loan of 1854 was a large and important one, and that of 1862 partook much of the same quality. The letter of Lord Russell, dated March 15, 1862, stated that if the Sultan's Commissioners succeeded in obtaining the loan, Her Majesty's Government, anxious for the well-being and prosperity of Turkey, would be prepared to send one or two gentlemen to assist the Turkish Minister in the due application of the loan, and would take an interest in the operation from feelings of friendship towards Turkey, and the contractors for the loan might see in such a mission further security against the misapplication of the loan and the loss of credit that would ensue. The effect of those letters was that the loan was accepted by the public and subscribed for five times over.

Sir H. D. Wolff wished to point out that all that Lord Russell did in 1862 was to undertake to send a Delegate to Turkey to see to the extinguishment of paper money, which measure was carried into effect. In 1854 it was impossible for Turkey to raise money unless she was backed up by England and France. The Chancellor of the Exchequer argued that it would have been much better if the English Government in 1854 had actually guaranteed the loan. He wished, however, to remind him that when in 1855 they did guarantee a Turkish loan, the proposal was only carried in that House by a majority of two. This Loan of 1854 stood upon an entirely different footing from any of those to which the Chancellor of the Exchequer had referred, and in which the credulity

of the English public might be said to have been manifested. It was raised in a time of war, in which England and France were the allies of the borrowing Power; and the English public paid for the bonds a far higher price than they would have brought if the loan had been brought out without the recommendation of the English and French Ministers. He was sure that the Chancellor of the Exchequer must be fully alive to the necessity of the Government intervening in the matter, and it was his firm belief and hope that he would persuade his colleagues to recognize the duty of the Government in not leaving in the lurch those who had subscribed to this loan upon the faith of the assurances given by Lord Clarendon. (Hear.)

Sir J. M'Kenna thought that this Loan of 1854 was complicated by what afterwards occurred in 1855. Turkey was at present making good her obligations to England and France by the payment of the interest and instalments of the latter loan; and he would appeal to the Chancellor of the Exchequer whether the matter was not further complicated by the neglect of Turkey to fulfil her obligations in regard to the prior loan of 1854.

Lord Eglington could not help thinking that the Chancellor of the Exchequer had rather overlaid his speech with reservations and qualifications. The matter was, indeed, so clear, and the honour of this country was so unmistakeably involved, that he should have liked to hear a little plainer language from the Treasury Bench. (Hear, hear.) He had led the House away by an elaborate argument of what would have happened if there had been an absolute guarantee of the Loan of 1854. But we did not guarantee that loan, and it was, therefore, of no use to calculate what would have happened if we had done so. We did guarantee the Loan of 1855, and it was the duty of the Government to take care that the Egyptian tribute-money, which was partly a security for the Loan of 1855, and partly a security for the Loan of 1854, was punctually paid. He regretted that the hon. member for Newcastle (Mr. Hamond) should have gone into other loans that had no connection with that under discussion. The hon. gentleman had, in fact, tried to start a new hare.

At this point an unsuccessful attempt was made to count out the House.

Mr. Hubbard pointed out that the people in whose interest the motion was made owned but a very small portion of the Turkish debt, and that their prospects were far more satisfactory than those of the bulk of their fellow-creditors. He did not think the Turk was entitled to confidence as an administrator of finance, and he thoroughly approved the action of Lord Derby in the matter.

Sir H. James laid it down as a sound principle to guide lenders that they should never part with money to a State whose own subjects refused to lend it money. The present, however, was not the case of an ordinary hypothecation of surplus revenue. It was a case in which the Khedive accepted the burden and agreed to the hypothecation of the 228,000*l.* a-year, a course of which the Government of the day approved, and it was impossible, therefore, he contended, for the Ministry of to-day to repudiate the act of Lord Clarendon.

Mr. Sandford approved the caution with which the Chancellor of the Exchequer had spoken on the subject, and expressed a hope that the Recorder would rest satisfied with the discussion which he had elicited, and would not think it necessary to bring his motion to a division.

Mr. Russell Gurney withdrew his motion, feeling satisfied that Her Majesty's Government would fulfil the undertaking which the Chancellor of the Exchequer had given, that they would communicate on the subject with the French Government.

The Chancellor of the Exchequer, in order to prevent any misunderstanding on the subject, would repeat the observation he had made, which was that Her Majesty's Government were not insensible to the gravity of the responsibility that rested upon them in this matter, and that they would place themselves in communication with the French Government in reference to the course which should be pursued.

The motion was then withdrawn.

No. 110.

Lord Tenterden to Mr. Stewart.

Foreign Office, December 15, 1876.

Sir,

I AM directed by the Earl of Derby to inform you that his Lordship has caused to be forwarded to the Treasury a copy of your letter of the 12th instant, in which you draw

the attention of Her Majesty's Government to certain passages in a speech delivered by the Chancellor of the Exchequer in the House of Commons, encouraging to the pretensions of the Bondholders of the Ottoman Loan of 1854.

Lord Derby, however, wishes me to add that, as the question of the Ottoman Loans is not one with which Lord Salisbury, as Special Ambassador to attend the Conference, can deal, his Lordship cannot give him any instructions in the matter.

I am, &c.
(Signed) TENTERDEN.

No. 111.

Lord Tenterden to Mr. Lingen.

Foreign Office, December 16, 1876.

Sir,

WITH reference to your letter of the 30th ultimo, in which you requested that Mr. R. Stewart should be asked to name the occasion on which the Chancellor of the Exchequer made the statement cited by Mr. Seudamore in the 4th paragraph of the Memorandum which was inclosed in Mr. R. Stewart's letter of the 4th ultimo, to this Office, with respect to the Tribute Loan, I am directed by the Earl of Derby to inclose, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of the letter which Mr. R. Stewart addressed to this Office in answer to that question.*

He calls attention to certain passages in a speech delivered by the Chancellor of the Exchequer in the House of Commons, encouraging to the Bondholders of the Ottoman Loan of 1854, and suggests that the Marquis of Salisbury should be instructed to press the claim of those Bondholders on the Porte.

I inclose a copy of my reply,† informing him that the question of the Ottoman Loans is not one with which Lord Salisbury, as Special Ambassador to attend the Conference, can deal.

I am, &c.
(Signed) TENTERDEN.

No. 112.

Lord Tenterden to Mr. Law.

Foreign Office, December 16, 1876.

Sir,

IN compliance with the request in your letter of the 30th ultimo, I am directed by the Earl of Derby to transmit to you the accompanying copies of memoranda communicated to his Lordship by Mr. Randolph Stewart, respecting the Egyptian Tribute Loans, which were inclosed in my letter of the 10th ultimo.‡

I am, &c.
(Signed) TENTERDEN.

No. 113.

Mr. Law to Lord Tenterden.—(Received December 18.)

Treasury Chambers, December 16, 1876.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of the Secretary of State, that they have lately been in communication with the Bank of England on the question of the legal liability of the guaranteeing Governments for the interest of bonds drawn in due course but not paid off by the Turkish Government.

I am to say that a similar question arose in the year 1866, and that the then Board of Treasury, anxious to ascertain the legal position of the guaranteeing Governments, took the opinion of the Law Officers, a copy of which I am to inclose.

I am also to forward a copy of the letter which has been received from the Bank of England. My Lords hold distinctly that the guaranteeing Governments are legally and equitably bound to pay the interest on the bonds representing the guaranteed Turkish

* No. 109. † No. 110. ‡ Nos. 89, 90, and 91.

Loan of 1855, until the money required to pay off the principal has been placed at the disposal of the bondholders in accordance with the contract between them and the Turkish Government. My Lords are anxious to ascertain whether the French Government hold the same view, and I am therefore to request you to move the Secretary of State, if he sees no objection, to take the necessary steps in order to obtain an expression of opinion from the French Secretary of State for Foreign Affairs.

I am, &c.
(Signed) WILLIAM LAW.

Inclosure 1 in No. 113.

Mr. May to Mr. W. H. Smith, M.P.

Bank of England, E.C., December 2, 1876.

Sir,

I AM directed by the Governors to acknowledge the receipt of your letter of the 1st instant, inclosing a copy of a letter received by the Lords Commissioners of Her Majesty's Treasury from Lieutenant-Colonel Champion on the subject of the payment of interest on drawn bonds of the Turkish Guaranteed Loan of 1855, and asking, for their Lordships' information, whether any bonds issued on account of that loan have been drawn and not paid off, and if so, whether the interest upon them has been paid out of moneys provided by the Turkish Government.

In answer I am to acquaint you that the bonds drawn for redemption on the 1st August last, amounting to 97,400*l.*, have not been paid off; the question of interest has not arisen, as the next coupon will not become due till 1st February, 1877.

I am to add that bonds for 65,800*l.* were drawn for payment on the 1st August, 1866, but that they were not provided for until the 16th of that month, when the necessary funds having been provided by the Turkish Government, they were paid with interest, from the 1st to the 16th August, at the then current rate, 10 per cent.

In answer to your concluding paragraph, the Governors consider that the position of the holders of drawn bonds of the Turkish Guaranteed Loan is in no way altered from that which existed in the year 1866, when the opinion of the Law Officers of the Crown was given to the effect that the guarantee of the British Government extended to interest accruing after the 1st August on the bonds which ought to have been, but which were not, redeemed on that day.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

Inclosure 2 in No. 113.

Opinion.

WE are of opinion that the guarantee applies to the interest only, and at the prescribed rate of 4 per cent. per annum.

We think that it does not extend to secure the principal of the loan on the sinking fund, and that no liability whatever attaches to the British Government in respect of the principal or sinking fund.

By the terms of the bonds those which are drawn yearly by lot and become payable on the 1st August following are to cease to bear interest from that time.

We understand that there are now some such bonds, and that the first question in Mr. Hunt's letter relates to them. We think, however, that the clause in question is one introduced for the benefit of the Turkish Government, that the cesser of interest contemplated depends upon there being an available sinking fund for the redemption, and upon the Turkish Government being actually ready to redeem the bonds drawn by lot, and that if there be no sinking fund and no readiness to redeem, the bondholder would not be deprived as against the guarantors of his continuing guarantee of interest under the convention and statute, although he might possibly be held entitled to elect to waive the guarantee of a specific amount of interest and to claim against the Turkish Government the repayment as on the 1st of August, 1866, of the bonds drawn and damages even at a rate greater than £4 per cent. for default in such repayment. Practically the bondholder would probably elect to adhere to the guarantee.

We therefore answer the first question in Mr. Hunt's letter by saying that in our opinion the guarantee of the British Government extends to interest accruing after the

1st of August on the bonds which ought to have been, but were not, redeemed on that day.

It is for the guaranteeing Power to see that the Turkish Government, by keeping up the sinking fund, brings their liability on their guarantee to an end.

(Signed) H. M. CAIRNS.
W. BOVILL.

Lincoln's Inn, August 28, 1866.

No. 114.

Mr. Stewart to the Earl of Derby.—(*Received December* 18.)

St. Stephen's Chambers, Westminster, London, December 18, 1876.

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's letter of the 15th instant, relative to the case of the bondholders of the 1854 Turkish Loan. I feel it, however, my duty, as Chairman of the Committee to whom have been confided the protection of their interests, most respectfully, but at the same time promptly, to take exception to the use of the word "pretensions" as being either applicable or just with reference to the "claims" of the 1854 bondholders. Your Lordship, I trust, has used the word inadvertently, but I feel it my duty to remind you that the loan in question was raised at the instigation of one of your Lordship's predecessors in office as representing the Government of the day, that, in order to facilitate its raising, the "Times" newspaper announced that the "English Government would give a formal intimation that the claims of the subscribers would always be regarded as entitled particularly to their support," that, in the recent debate in the House of Commons, every independent member on both sides of the House declared that the bondholders were entitled to the interference of the Government, and that the feeling evinced in the House on the occasion was so strong that, in his reply, the Chancellor of the Exchequer admitted the "grave responsibility" of Her Majesty's Government in the matter. I feel convinced, therefore, that on reflection, your Lordship will admit that the word "pretensions" as applied to the "claims" of the bondholders of this Loan to the strenuous support of the Government is misapplied.

The bondholders are about to apply to Parliament again on the subject, and with this view have filed the Bill which I have the honour to forward for your Lordship's perusal.

I have, &c.
(Signed) RANDOLPH STEWART.

Inclosure in No. 114.

40 & 41 Victoria.—Session 1877.

A Bill to settle a Scheme of Arrangement for the administration of Moneys now deposited with, or which from time to time shall be remitted to, the Bank of England on account of the Tribute or Tributes of Egypt, constituting the security for the following Loans, or some of them, namely, Turkish Tribute Loan, 1854, *Turkish Guaranteed Loan,* 1855, *and Turkish Tribute Loan,* 1871.

(The words printed in *italics* are proposed to be inserted in Committee.)

Preamble.

WHEREAS in the year 1854 the Government of Turkey raised a Loan of 3,000,000*l.*, hereinafter called the Loan of 1854, represented by certificates or bonds to bearer with coupons for interest at the rate of 6 per cent. payable half yearly on the 10th day of April, and the 10th day of October in each year attached thereto the principal and interest of which Loan was irrevocably charged upon and made payable out of the annual sum of 60,000 purses, or 282,872*l.* part of the Tribute of Egypt to be remitted by the Khedive of Egypt to the Bank of England or of France, by equal half-yearly instalments, on the 10th of April and the 10th of October.

And whereas, in or about the month of August, 1855, the Turkish Government raised a Loan of 5,000,000*l.*, hereinafter called the Loan of 1855, represented by like bonds or certificates with coupons for interest at the rate of 4 per cent. per annum, payable half-yearly on the 1st day of February, and the 1st day of August, the principal and interest upon which last mentioned loan was charged upon, and made payable out of the

balance of the said Tribute of 282,872*l.* remaining, after providing for the service of the Loan of 1854, and upon and out of the Customs of Smyrna and Syria, the payment of the interest being further guaranteed by Her Majesty's Government, jointly with the Government of France, and severally under a Convention between the Turkish and the English and French Governments, which is set forth in, and is confirmed by the Act 18 and 19 Vic. cap. 99.

And whereas, in the year 1871, the Turkish Government issued a third Loan, amounting to 5,700,000*l.*, hereinafter called the Loan of 1871, also represented by bonds or certificates to bearer, with coupons for interest, at the rate of 6 per cent. per annum, payable half-yearly, on the 10th of April and 10th of October, attached thereto the principal and interest, of which said last-mentioned Loan was charged upon, and made payable out of an annual sum of 399,000*l.* taken from the actual Tribute of Egypt, as fixed at the time it was augmented in the year 1866, to be paid by the Khedive of Egypt into the Bank of England by half-yearly instalments, and to be paid over by the bank to the extent required for the service of the said Loan of 1871, upon the order of the representative of the Sublime Porte in London, into the hands of the agents of the Loan or their representatives.

And whereas the said annual sum of 282,872*l.* has, since the issue of the said Loan of 1854, been regularly paid into the Bank of England to an account, entitled the "Egyptian Tribute," and up to the 10th day of October, 1875, so much thereof as has been required for the service of the Loan of 1854, was each half year paid over on the order of the Ambassador in London of the Turkish Government to the agents for the said Loan, and the remainder was applied to the service of the Loan of 1855, the balance required for the service of the last Loan being remitted by the Turkish Government to the agent of that Loan in London.

And whereas the said new Egyptian Tribute of 399,000*l.* has since the issue of the said Loan of 1871 been regularly paid into the Bank of England, and placed to an account there entitled the "Egyptian Tribute Ottoman Loan, 1871;" and so much thereof as has been required for the service of that Loan was each half year, up to the 10th day of October, 1875, paid to the Agents of the Loan on the order of the Ambassador of the Turkish Government in London.

And whereas the documents set out or referred to in Part 1 of the Schedule II of this Act relate to the said Loan of 1854, and those set out in Part 2 of the same Schedule relate to the said Loan of 1871.

And whereas, in consequence of its financial embarrassments, the Turkish Government in or about the month of October, 1875, proposed to its creditors to defer for a certain number of years payment of one half of the interest to become due on its several loans, including the said Loans of 1854 and 1871; but the holders of the bonds representing the said last-mentioned Loans objected to the said proposal, and claimed the full benefit of their securities.

And whereas since the date of the said proposal, although the full amount of the said Tributes has been continued to be remitted by the Egyptian Government direct to the Bank of England, the Imperial Ottoman Ambassador in London has only signed orders for one half, instead, as theretofore, the whole of the amounts required for the service of the said Loans of 1854 and 1871 respectively; and accordingly only one half of the amounts due for interest and sinking fund in respect of the said last-mentioned loans has, since the date of the said proposal, been paid to the bondholders of the same loans, and there is consequently now remaining unpaid and owing to the bondholders of the said 1854 Loan one half of the amount of the interest coupons due on the 10th day of April and on the 10th day of October, 1876, and one half of the amount of the several bonds of that Loan, which were drawn on the 26th day of July, 1876, for redemption at par on the 10th day of October, 1876, and which should then have been paid in full; and also to the bondholders of the said 1871 Loan one half of the amount of the coupons due on the 10th day of April and the 10th day of October, 1876, and one half of the amount of the several bonds of that Loan drawn on the 26th day of July, 1876, and which should have been paid off at par on the 10th October, 1876.

And whereas the Turkish Government, notwithstanding their default in payment of interest on their other Loans, have hitherto continued to remit sufficient to provide for the interest on the Loan of 1855, so that the English and French Governments have not as yet been called upon to make any payment under their guarantee on account thereof; but no provision has been made for the payment of the principal of the bonds of that Loan, drawn for redemption on the 1st day of August, 1876, and which should then have been paid in full, and in the meantime all interest on such drawn bonds has been stopped, and the said guarantee of the English and French Governments does not in terms extend to

interest on drawn bonds, and in consequence of such default great loss and injury has been and is being sustained by the holders of the said drawn bonds.

And whereas in the existing complications, and with notice of the trusts and charges on the said Egyptian Tributes in favour of the said Loans of 1854 and 1871, the Bank of England have refused to honour any further orders of the Ottoman Ambassador on the funds in their hands to the credit of the said accounts in respect of the Loan of 1855.

And whereas questions have arisen as to the rights and interests of the holders of the bonds of the said respective Loans of 1854, 1855, and 1871 against the said Tributes, and the same can only be settled by compromise or by legal decision; and, from the nature of the case, it is desirable that the same should be so settled by arrangement, subject to the sanction of the said respective Governments of England, France, and Turkey, and that a scheme should be framed and made binding on the bondholders of the said Loans of 1854 and 1871 setting at rest the questions in controversy, and providing for the service of the said three Loans of 1854, 1855, and 1871 wholly out of the said Egyptian Tributes remitted and to be remitted to the Bank of England.

And whereas the Scheme of Arrangement hereinafter contained is a just and equitable settlement of the rights of the several parties having claims upon the said Tributes, and has been approved by large numbers of the holders of the bonds or certificates of each of the said Loans of 1854 and 1871, and it is expedient that the same should be carried into effect;

And whereas, owing to the fact that the property in the said bonds passes by delivery to the bearer, and that the bonds are distributed among a very large number of persons, no such arrangement can be come to, and the objects of this Act cannot be attained without the authority of Parliament;

MAY IT THEREFORE PLEASE YOUR MAJESTY.

That it may be enacted, and be it enacted, by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled by the authority of the same, as follows:—

Short title.

1. This Act may be cited as "The Turkish (Egyptian Tribute) Loans Arrangement Act."

Tributes to be applied in accordance with Scheme shown in Parts C, D, and E of Schedule (I).

2. Subject to such consents as are hereinafter mentioned, the moneys standing to the credit of the said "Egyptian Tribute" account and "The Egyptian Tribute Ottoman Loan, 1871," account in the Bank of England at the date of the passing of this Act, and all other moneys to be from time to time remitted to the Bank of England on account or in respect of the said Egyptian Tributes, for the security of the said Loans of 1854, 1855, and 1871, or either of them, shall, subject to the provision of the last section of this Act, be considered as one fund, and shall be applied in manner following, that is to say:—

(*a.*) For the years 1876 and 1877 in manner appearing in part C of Schedule No. 1 to this Act.

(*b.*) For the year 1878, and all subsequent years until full liquidation and extinguishment by drawings of the whole of the 1854 Loan, in manner appearing in part D of Schedule No. 1 to this Act.

(*c.*) Thereafter in manner appearing in part E of Schedule No. 1 to this Act.

The Scheme of Arrangement embodid in the said Parts C, D, and E of Schedule 1 of this Act being framed on the following basis:—

As to the 1854 Loan. To be entitled to its full interest of 6 per cent. and not less than one-half its sinking fund.

As to the 1855 Loan. Both interest and sinking fund to be paid in full.

As to the 1871 Loan. Interest at 5 per cent. (in lieu of 6 per cent.) in full of all claim for interest or sinking fund until the redemption of the 1854 Loan, when the full interest and sinking fund, in respect of this Loan, will thenceforward be resumed.

Scheme to cease to be binding if default made for six months in payment of Tributes. Bank of England and others not bound by it until notice of default.

3. The Scheme or Schemes of Arrangement embodied in this Act being based upon the regular payment of the annual sum of 681,872*l.* on account of the said Tribute Loans, the same shall cease to be binding on the bondholders of the said respective Loans of 1854 and 1871, or any of them, in case of default for six months in the payment to the Bank of England of the amounts from time to time due and payable in respect of the said Egyptian Tributes, for the service of the said several Loans of 1854, 1855, and 1871, or any of them, in accordance with the terms of the said last-mentioned Loans, as appearing in this Act and the Schedules thereto. Provided always that neither the Bank of England nor the agents of the said Loans nor any other person or persons shall be affected with notice of the said default until they shall have received notice thereof in writing,

signed by the holders of bonds of the said respective Loans of 1854 and 1871, representing an aggregate amount of at least 500,000*l.*, or of a resolution of a public meeting of the bondholders of the Loans of 1854 and 1871, or either of them, held under the provisions of this Act, declaring the scheme to be no longer binding, and in the meantime the said bank agents and other person or persons shall be, and are, by this Act, indemnified in respect of all payments made and acts done by them, or either of them, under the provisions of this Act.

Bondholders accepting payments under Act to be bound by Scheme.

4. Any payment received by a bondholder under this Act shall bind him and the successive holders of, and all persons at any time interested in the bond or bonds in respect of which such payment has been made, to accept thereafter the payment of the interest and sinking fund (if any) payable under this Act in full discharge of the interest and sinking fund payable under such bond or bonds.

Trustees and others indemnified.

5. No trustee or person holding any bond in the right of another shall incur any responsibility whatever by accepting the provisions of this Act, or receiving any principal or interest moneys payable, or attending or voting at any meeting to be held, or otherwise acting under its provisions.

Authority for Bank to make payments in accordance with Scheme.

6. So much of the said tributes as shall be required for the service of the said Loans of 1854 and 1871 respectively, under the provisions of this Act, shall from time to time be paid over, as heretofore, by the Bank of England, to the agents for the time being of the same loans respectively in London; and this Act shall be a sufficient authority and indemnification to the Bank of England for such payments, every payment being made to the said Agents fifteen days before the same shall be payable to the bondholders, or so soon thereafter as the Bank shall have funds applicable for the purpose; and the payments to be made out of such tributes, under the provisions of this Act, in respect of the said Guaranteed Turkish Loan 1855, shall be paid by the Bank to the bondholders of the said loan in the same manner as the interest and sinking fund of such loan has hitherto been paid, and any money authorized by this Act to be received by the Committee hereinafter-mentioned may be paid by the Bank to the order of any three of the members for the time being of the said Committee.

Act subject to consents of French and Turkish Governments.

7. This Act is subject to the consent of the respective Governments of France and of Turkey being obtained thereto, and shall not come into force until a formal intimation of such consent of the said Governments has been given to the Bank of England by Her Majesty's Secretary of State for Foreign Affairs.

Settlement of details of machinery for carrying provisions of Act into effect vested in Committee, with power to refer question to Court or arbitration.

8. The settlement and administration of the requisite machinery for carrying this Act into full effect, and for providing for any matters necessary or proper for the purpose, not inconsistent with this Act, is hereby vested in a Committee of five persons, the first members of which shall be The Honourable Randolph Henry Stewart, George Cavendish Taylor, Esq., Lieutenant-Colonel Frederick William Gregory, John Trevor Barkley, Esq., and Arthur Kindersley Blair, Esq.; and any vacancy from time to time occurring in such Committee shall be filled up by a meeting of the holders of the bonds for the said loans of 1854 and 1871, and the said Committee shall have full power to deal with the several matters aforesaid by a majority of votes, or may refer any questions which may arise with reference thereto to the Chancery Division of the High Court of Justice, or an arbitrator or arbitrators, to be appointed by the said Committee, and the decision of the said Committee, or of the said Court or arbitrator or arbitrators, as the case may be, shall be binding on all persons interested in the premisses.

Meeting of Bondholders to be called if default made in payment of Tributes or vacancy occur in Committee.

9. If default shall be made for twenty-eight days in the remittance to the Bank of England or the said Agents of any part of the said tributes, or if any vacancy shall occur in the said Committee, or if a Court or arbitrator, to which or whom any question as hereinbefore provided shall be referred, shall so order the agents of the said loans of 1854 and 1871, shall thereupon summon a meeting of the bondholders of those loans, or either of them. Every meeting to be held under the provisions of this Act shall be held in London, and shall be convened by advertisement in two daily papers in London and Paris for three consecutive days, the last day to be at least fourteen and not more than twenty-one days prior to the day fixed for the meeting, such advertisements to contain the general character of the question or questions to be submitted to the meeting.

Method of summoning meetings of creditors.

Provision as to voting and filling chair at meetings.

10. Votes may be given at any such meeting in person or by proxy. The proxy shall distinguish the number of the bond in respect of which it is sought to be exercised, and the bond or bonds represented by any proxy shall be produced to the agent three days at least prior to such meeting. The chair at every such meeting shall be taken by the agent of the said loans of 1854 and 1871 for the time being, or if the agency be in the hands of a firm by one of the partners of such firm, and failing such agent or partner by such member of the Committee as they shall arrange among themselves.

Poll may be demanded.

11. A vote at any such meeting shall be taken by a show of hands in the first

instance. A poll shall be held if demanded by 100 bondholders present in person. At a poll every 100*l.* of principal shall confer one vote. No vote shall be received at a poll unless the bond or proxy, in respect of which it is sought to be exercised, is produced.

Committee may frame bye-laws.

12. The Committee may, from time to time, subject to the provisions of this Act, frame such bye-laws relative to the conduct of meetings, the receiving of votes, and scrutinizing them as they think fit.

Fund out of which expenses of Act and matters connected therewith shall be paid.

13. The Committee may, from time to time, out of the funds, hereinafter declared to be applicable for the purpose, so far as they will extend, pay all costs, charges, and expenses incurred by any person or persons in or about the promotion of this Act or incidental thereto, or any negotiations or inquiries relative thereto, or the subject matter thereof, or otherwise connected with the aforesaid default, in providing for the service of the aforesaid Loans or any of them, and in or about the administration, under the provisions of this Act, of any fund or otherwise in carrying this Act, or any clause thereof, into effect, including the usual commission to the agents of the said Loans respectively, and such remuneration as the said Committee shall deem proper to any person or persons at any time engaged in or about the said several matters or any of them. Such payments shall be made exclusively out of all or any of the following sources, which the Committee are hereby authorized to receive and apply accordingly, that is to say:—

1. A tax not exceeding 1 per cent. in any one year on all sums distributed during such year under this Act in respect of interest or sinking fund on the Loans of 1854 and 1871.
2. The surplus of 7,218*l.* shown at foot of Schedule 1, Part C.
3. The excess, if any, over 48,100*l.* applicable in any year, under the provisions of this Act, to the payment of the drawn bonds of the Loan of 1854.

Schedule (I).

Part A.

Containing Short Particulars of the Three Loans.

Loan of 1854.

		£
(*a.*)	Original amount	3,000,000
	Less Bonds drawn and paid 1856 to 1875	1,103,500
		1,896,500
	Less Bonds drawn in 1876 and already half paid, the other half being provided for by this Schedule, Part C	96,200
	Balance	1,800,300
(*b.*)	Interest and drawn Bonds when payable—	
	Interest on 10th April.	
	„ 10th October.	
	Drawn Bonds on 10th October.	
(*c.*)	Agents of the Loan, Messrs. Dent, Palmer, & Co.	

Loan of 1855.

(*a.*)	Original amount of Loan	5,000,000
	Amount agreed to be annually applied to service	250,000
(*b.*)	Interest and drawn Bonds when payable—	
	Interest on 1st February.	
	„ 1st August.	
	Drawn Bonds on 1st August.	
(*c.*)	Agents of the Loan, Bank of England.	

Loan of 1871.

(*a.*)	Original amount of Loan	5,700,000
	Less Bonds drawn and paid 1872-5	249,340
		5,450,660
	Less Bonds drawn in 1876 and already half paid; the other half being provided for by this Schedule, Part C	71,960
	Balance	5,378,700

(*b.*) Interest and drawn Bonds when payable—
Interest on 10th April.
" 10th October.
Drawn Bonds on 10th October.
(*c.*) Agents of the Loan, Messrs. Dent, Palmer, & Co.

PART B.

Containing the Particulars of the half-payments already made on account of the Loans of 1854 and 1871 for the year 1876.

1854 Loan—			56,895
Three per cent. on 1,896,500*l.*		£96,200	
Sinking Fund—Drawn Bonds		48,100	48,100
Half paid		48,100	
Half unpaid		48,100	
1871 Loan—			163,520
Three per cent. on 5,450,660*l.*		£71,960	
Sinking Fund—Drawn Bonds		35,980	35,980
Half paid		35,980	
Half unpaid			304,495

PART C.

Showing the application of the Tribute moneys to the service of the three Loans of 1854, 1855, and 1871, for the years 1876 and 1877, in pursuance of Section 2, Sub-Section *a* of this Act.

For 1876.

To 1854 Loan—	
Three per cent. (balance of the year's interest) on 1,896,500*l.*	56,895
Second half of Bonds drawn in the year	48,100
To 1871 Loan—	
Two per cent., making with 3 per cent. already paid, 5 per cent. on 5,450,660*l.*	109,013
Second half of Bonds drawn in the year	35,980
	554,573

For 1877.

To 1854 Loan—	
Six per cent. on 1,800,300*l.* (No payment on account of the Sinking Fund for this year, the 48,100*l.* applicable thereto having been appropriated as above, in payment of the second half of the drawn Bonds of this Loan for 1876.)	108,018
To 1871 Loan—	
Five per cent. in lieu and in full of 6 per cent. on 5,387,700*l.*	268,935
	931,526

Sinking Fund suspended until revived again under operation of Part E of this Schedule.)

As to the 1855 *Guaranteed Loan.*

	£	£
Full service for years 1876 and 1877—Interest and Sinking Fund—at the rate of 250,000*l.* a year	500,000	
Less paid on account by Turkish Government	75,000	425,000
		1,356,526
Full tributes for the years 1876 and 1877 at the rate of 681,872*l.* per year		1,363,744
Surplus		7,218

PART D.

Containing the scheme for the service of the three Loans of 1854, 1855, and 1871 for the year 1878, and thereafter year by year until the extinguishment by drawings and payment of the drawn Bonds of the whole of the 1854 Loan, in pursuance of Section 2, Sub-Section (*b*) of this Act.

Loan of 1854.

There shall be paid in the year 1878, and yearly thereafter, interest at 6 per cent. on the balance from time to time remaining unpaid of the Loan.
There shall be applied in the same year 1878, and yearly thereafter, as a sinking fund for redemption of this Loan, the balance of the Tribute moneys remaining in each year after payment thereout of:—

(*a.*) Interest of this (the 1854) Loan.
(*b.*) Interest and sinking fund of the 1855 Loan.
(*c.*) Interest at the reduced rate of 5 per cent. on the 1871 Loan.

	£
On this basis the interest for 1878 at 6 per cent. on 1,800,300*l.* (the balance of the Loan, as per Part A of this Schedule) will be	108,018

The sinking fund for 1878 will be the balance as appearing by this part of the Schedule, viz., 54,919*l.*
For each year after the year 1878, as the balance of the Loan is reduced by drawings, the amount of interest will be the less and the amount applicable to drawings will be increased on the footing above mentioned.

Loan of 1855.

Full amount of Interest and Sinking Fund for the year 1878, and yearly thereafter	250,000

Loan of 1871.

	£
Interest at 5 per cent. in lieu and in full of 6 per cent. on 5,378,700*l.* for the year 1878, and yearly thereafter (Sinking Fund suspended until revived under operation of Part E of this Schedule.)	268,935
	626,953
Balance to be applied to the Sinking Fund of the 1854 Loan for the year 1878 This amount will be increased each year thereafter, as above mentioned.	54,919
Total amount of the Tributes, as above, for each year	681,872

PART E.

Containing the Scheme for the service of the two Loans of 1855 and 1871 for each year after the 1854 Loan shall have been extinguished by Drawings and payment of the Drawn Bonds of the whole of that Loan, until the extinguishment in like manner of the 1855 and 1871 Loans respectively, in pursuance of Section 2, Sub-Section (*c*) of this Act.

As to the 1855 *Loan.*

	£
Full amount of Interest and Sinking Fund yearly	250,000
Balance of the original Tribute to be paid to the Turkish Government (less usual commission to Agents of Loan)	32,872
	282,872

After payment of the whole of the Bonds of the 1855 Loan the full amount of the original Tribute, viz., 282,780*l.* to be thereafter paid to the Turkish Government, freed and discharged from all further claim and demand on the part of the 1871 Bondholders.

As to the 1871 *Loan.*

	£
Interest at 6 per cent. on 5,378,700*l.* for the first year	322,722
Thereafter as the principal is reduced by Drawings and payment of drawn Bonds the amount of interest will year by year be less and the amount applicable to Drawings will be increased; the intention being that each year there shall be applied in Interest and Drawings for the service of the Loan a total amount equal to 399,000*l.*, the amount of the augmented Tribute specially appropriated to the service of the 1871 Loan.	
Balance to be applied as Sinking Fund of the 1871 Loan for the first year	76,278
To be increased in each year as the Interest on the Loan decreases, so that the total of Interest and Sinking Fund for each year shall amount to the sum of 399,000*l.*	
	399,000

Schedule (II).

Part I.

1. *Form of Bond and Coupon issued in respect of Loan of* 1854 *the Bond containing the Imperial Firman and General Bond relating to that Loan:—*

Imperial Turkish 6 per cent. Loan, 1854.

Negotiated by the Baron de Goldsmid and John Horsley Palmer for 3,000,000*l.* sterling, part of the issue of 5,000,000*l.*, authorized by the Imperial Firman dated the 10th of June, 1854, and specially secured by the Egyptian Tribute pledged by the Imperial Firman dated the 3rd day of October, 1854, of which the following is a translation:—

Copy translation of Firman for Loan 1854.

Hatti-Sheriff. Be it acted upon accordingly.

(Imperial Cypher.) Abdul Medjid Khan, son of Mahmoud Ever Victorious—My Vizier the present Governor-General of Egypt, Mahammed Sa'ed Pecha, &c. (follow the titles).

When my Imperial Decree shall reach thee be it known that it has been unanimously decided that, deduction made of the sum allotted to the Hedjaz, the remainder of the Tribute of Egypt, amounting to 60,000 purses, which, at the rate of 22½ piastres to the dollar, makes 1,333,333 pillar dollar and 1s. 3*d.* (to be henceforward calculated at that value), shall be deposited in the Bank of England or of France every six months as follows, viz.: half of the aforesaid sum, amounting to 30,000 purses, shall be deposited in the Bank of England or of France on the 10th day of April (new style), and the other half, amounting also to 30,000 purses, on the 10th day of October (new style) of the year 1855, and so on until the liquidation be complete, as a special off-set against the interest and capital of the sum borrowed by virtue of a contract dated the 24th day of August, 1854, and under conditions therein stated from the Baron Goldsmid and Mr. John Horsley Palmer, through the respectable merchants Black and Durand, according to my Imperial Decree. That the suitable partition of this sum of 60,000 purses between the two banks shall be discussed and settled on the spot between the two allied Governments and my Imperial Ambassadors in London and Paris, and that until the full payment of the interest as well as of the capital of the sum so borrowed, care shall be taken that the payments continue to be made invariably in the above matter.

My imperial commands have, therefore, been issued for the execution thereof in the manner aforesaid; and as this Imperial Firman is to be deposited in the aforesaid Bank of England, this my Imperial Order has been issued from my Imperial Chancery, authorizing thee to make payment in due time and season of the same aforesaid, and has been sent to the proper quarter to be deposited in the aforesaid bank. When this matter becomes known to thee thou wilt, in conformity with the judgment and intelligence which characterize thee and in the manner aforesaid, make payment in due time and season, into the aforesaid banks of London and Paris, of 60,000 purses out of the aforesaid Tribute pursuant to the above command.

Thus know thou. Give thou full credence to my Imperial Cypher done on the 1st decade of the month Safer 1271 (3rd decade October 1854).

Written in Constantinople the well-guarded.

A true translation.

London, 27th December, 1854.
J. W. REDHOUSE.

I certify that the above signature "J. W. Redhouse" is of the proper handwriting of James William Redhouse, Esq.

Foreign Office, December 27, 1854 (L.S.)

(Signed) E. HAMOND,
Under Secretary of State.

Copy of the General Bond for Loan of 1854.

To all to whom these presents shall come His Imperial Majesty the Sultan El Gogy Abdul Medjid, Emperor of Turkey, &c., &c., sends Greeting. His Imperial Majesty's Government having resolved to raise a loan of 5,000,000*l.* sterling for the service of the Ottoman Empire, has especially delegated to J. N. Black and P. Durand, both of Constantinople, merchants, authority to effect such loan with the approbation of His Imperial Majesty's Representative at the Court of London, and His Imperial Majesty's Representative at the Court of Paris, to whom His Imperial Majesty has duly issued his Imperial Firman in that behalf. Be it therefore known that the Undersigned, deeming it most for the interest and advantage of His Imperial Majesty's Government to raise the said loan on the terms and conditions hereinafter contained, do, in pursuance of the powers and authorities vested in them for that purpose, hereby bind and oblige the Government of His Imperial Majesty and the revenues of the Ottoman Empire and Government to the payment of the said loan, principal and interest, as hereinafter stipulated, and in particular do specially and irrevocably charge therewith as an additional guarantee 30,000,000 piastres or 282,000*l.*, part of the tribute payable to His Imperial Majesty by His Highness the Pasha of Egypt, and in order that the said 30,000,000 piastres or 282,000*l.* sterling may be more effectually and irrevocably pledged and appropriated to the payment of the interest and redemption of the said loan, the Undersigned engage that the necessary Firmans and authorities shall be issued without delay, ensuring the due and punctual remittance thereof to the Bank of England or the Bank of France, so that the same may be at the disposal of the Agents of the loan in London for that purpose. The conditions of the said loan are as follows:—

1. Interest to be payable at the rate of 6*l.* per cent. per annum on the said sum of 5,000,000*l.* sterling on the 10th of April and the 10th of October in every year, in London, at the banking house of Messrs. Palmer, Mackillop, Dent and Co., or in case such interest shall be demanded at the banking house of Messrs. Bischoffsheim, Goldschmidt and Co., in Paris, then the same shall be paid there at an exchange of 25 fr. per pound sterling.

2. A sum equal to 1 per cent. on the said sum of 5,000,000*l.* sterling, or so much thereof as shall have been or shall be negotiated, together with a sum equal to one year's interest on so much of the said loan as shall have been redeemed, shall be employed annually on the 10th of October in each year, commencing in the year 1856, in redeeming the loan at par. The certificates to be redeemed shall be ascertained by lot to be drawn in London and Paris alternately, in the presence of the Representatives of His Imperial Majesty at London and Paris respectively, and the Agents of the loan and a Notary Public, in the month of July in each year; the numbers of the certificates drawn shall be advertised in three of the chief English and French journals published in London and Paris, at least two months before the time fixed for redemption thereof, the principal of such certificates and interest shall be paid at the said banking house in London in pounds sterling; or in case the holder thereof shall present the same at the said banking house in Paris, then the same shall be paid there at the exchange of 25 fr. per pound sterling. All certificates so drawn shall cease to bear interest from the time fixed for redemption thereof, and if not presented within twelve months thereafter the same will only be paid with such limited interest on the written order of His Imperial Majesty's Representatives at London or Paris. The certificate redeemed with all the coupons then attached thereto shall be forthwith cancelled in the presence of His Imperial Majesty's Representative at London, of the Agents of the loan, and a Notary Public.

3. The Imperial Ottoman Government reserve to themselves the power of redeeming the whole loan at par on the expiration of fifteen years from this date or at any time thereafter, on giving six months notice by advertisement in the journals of London and Paris.

4. Certificates shall be issued for the said loan reciting these presents and signed by the said T. N. Black and P Durand, or His Imperial Majesty's Representatives at London or Paris, and countersigned by the Agents for the loan, in sums of 50*l.*, 100*l.*, and 1,000*l.*, bearing coupons for half-yearly payments of interest thereon attached.

5. The interest of the said loan shall be paid and the redemption of the principal shall take place equally in time of war as in time of peace, and whether the holders be subjects of a friendly or a hostile State; and if a foreigner be holder of any certificates the same shall pass to his representatives in the order of succession established by the law of the country of which he was a subject; and such certificates shall be and are hereby exempt from sequestration both from claims of His Imperial Majesty's Government and those of individuals.

Dated this 24th day of August, 1854.

The Agents specially designated by the Government of the Sublime Porte as above mentioned—

(Signed) T. N. BLACK.
P. DURAND.

Witness—
(Signed) WILLIAM W. VENN,
Notary Public, London.

The Ambassador of the Sublime Porte at Paris,
(Signed) VELY.

The Minister of the Sublime Porte at London,
(Signed) C. MUSURUS.

Certificate for 50*l.*

This is to certify that the bearer is entitled to 50*l.* stock, part of the loan created for the service of His Imperial Majesty the Sultan upon the terms of the general engagement, whereof a notice is prefixed, and in accordance with which this certificate with thirty coupons attached is granted.

(Signed) T. N. BLACK.
(Countersigned) J. H. PALMER.

Coupon.

Turkish Loan, 1854, for 3,000,000*l.*, part of the issue of 5,000,000*l.*

1*l.* 10*s.* the payment of interest of this Loan due on the April 18 , payable at Messrs. Dent, Palmer, and Co.'s, London.

Part II.

2. *Extract from Contract between the Finance Minister of Turkey and Concessionaires of the Loan of* 1871.

To provide for the repayment of the said loan, and the service of the accruing interest, the Imperial Ottoman Government assigns over and above its direct and general guarantee as a special appropriation, the annual sum of 300,000*l.* sterling, taken from the Egyptian Tribute, which it engages to cause to be paid by His Highness the Khedive to the Bank of England, for the account of the Contractors, in the same manner as that which is pursued in the payment of the 282,872*l.* sterling, applicable to the

Article 7, Contract.

Loans of 1854 and 1855. The Imperial Government declares that the above-named special application is free from all prior charges.

3. *Extract from Firman Authorising Loan of* 1871.

Extract from Firman.

"For the discharge of these (the Loan of 5,700,000 and interest), the residue of the old tribute of the Province of Egypt, and 399,000*l.* sterling out of its new tribute shall be assigned as assets. This sum in two instalments yearly, at intervals of six months, shall be consigned by the Egyptian Khedivate directly into the Bank of England."

4. *Copy of General Bond of Loan of* 1871.

To all to whom these presents shall come. In the name of His Imperial Majesty, the Sultan Abdul Aziz Khan, the Ottoman Empire, We Musurus Pasha, Ambassador Extraordinary and Plenipotentiary of His Imperial Majesty the Sultan, to Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, being specially empowered in this behalf, make known as follows:—

His Imperial Majesty's Government having resolved to raise a public Loan of 5,700,000*l.* sterling, for the service of the Imperial Treasury, has conceded to M. Barnard Tubini, the Director-General of the "Crédit Général Ottoman," acting in the name and for account of that establishment; and to Mr. Charles Edwards, acting as well in his own name as in the name and for account of several other English, French, and German capitalists, the exclusive right to issue the said Loan, and has so done by a Convention, concluded at Constantinople on the 10th day of June, 1871, between His Highness Aali Pasha, the Grand Vizier, and Minister for Foreign Affairs, and his Excellency Ruchdi Pasha, then Minister of Finance, acting in the name of the Imperial Government of the one part, and the said Messrs. Barnard Tubini and Charles Edwards, in the names and capacities aforesaid of the other part, modified by subsequent Convention, dated the 20th day of July, 1871, between the same parties, and confirmed by an Imperial Firman of His Imperial Majesty, addressed to his Excellency Hamdi Pasha, Minister of Finance, dated the 2nd day of August, 1871. The conditions therein mentioned, so far as they concern the persons entitled to the benefit of the securities for the said Loan, are as follows:—

The Loan shall be divided into bonds of 20*l.*, 100*l.*, 500*l.*, and 1,000*l.* sterling, making together 5,700,000*l.*, repayable at the nominal amounts, and producing an annual interest of 6 per cent. on the nominal amounts payable every half year, on the 10th April and 10th October of each year, at London, Paris, and Constantinople; the payments will be made at Paris, at the exchange of 25 fr. per £ sterling; and at Constantinople, at the rate of 110 piastres in gold medjidies per £ sterling.

The bonds will be free of all tax, impost, or charge of any kind, either present or future.

The redemption of the capital shall be effected in thirty-four years, in accordance with the table of amortization, or repayments annexed to this bond.

The repayment of the bond shall be effected by annual drawings of lots. These drawings shall take place in London each year, in the month of July, in the presence of the Representative of the Imperial Ottoman Government, of the Agents of the said Loan, and of the Notary Public, in the manner adopted for the Loan of 1854.

The repayment of the bonds drawn shall be effected at the exchange above-mentioned of 25 fr. per £ sterling at Paris, and of 110 piastres in gold medjidies at Constantinople.

To secure the repayment of the present Loan, and the service of the interest, the Imperial Ottoman Government assigns over and above its direct and general guarantee, by way of special appropriation, an annual sum of 399,000*l.* sterling, taken from the actual tribute of Egypt, as fixed at the time it was augmented in 1866, which it engages shall be paid by His Highness the Khedive of Egypt into the Bank of England by half-yearly instalments.

The Imperial Government declares that the said special appropriation is free from all anterior charge, being the disposable residue of the actual tribute of Egypt, after deducting the sum of 282,872*l.*, out of the old tribute of Egypt, pledged to the Imperial Ottoman Loans of 1854 and 1855.

The sum representing exactly the annual amount required for the service of the loan, in the shape of interest and sinking fund, shall be paid by the Bank of England upon the order of the Representative of the Sublime Porte in London, into the hands of the Agents of the Loan, or their Representative, at least fifteen days before the same is due.

The bonds are signed by an Imperial Commissioner, or his delegate, as well as by their contractors or their representatives.

The interest of the said loan, and the repayments of the capital shall be paid as well in time of war as of peace, and even when the holders of them are subjects of an enemy's State.

The bonds shall be declared unassailable in the name of the Imperial Ottoman Government, whether in respect of claims made in the name of the said Government, or in respect of private claims, and no opposition to the payment of arrears shall be admitted excepting always such as shall be caused by the owner of the bond.

Coupons not presented for payment within a period of five years, reckoned from the date when they became due, will be forfeited, and the amount of such forfeited coupons will be paid over by the contractors to the Imperial Ottoman Government.

The bonds of the present Loan shall be accepted by the Imperial Ottoman Government for their value at par (that is to say), as legal metallic currency in respect of any caution money to be paid by third parties to guarantee their engagements towards the State.

The Imperial Firman which ratifies the Convention for the present Loan, and the Convention itself shall be deposited in the Bank of England, and another original exemplar shall be deposited in the Bank of France, with a legalized copy of the Firman of ratification.

Be it therefore known that in accordance with the said Convention and Firman of ratification the Imperial Ottoman Government as security for payment of the principal and interest of the said Loan, assigns over and above its direct and general guarantee, as a special pledge, the annual sum of 399,000*l.* sterling, which shall be taken from the actual tribute of Egypt, as fixed at the time it was augmented in the year 1866, and which it engages shall be paid by His Highness the Khedive of Egypt to the Bank of England. And further, that the said Imperial Government declares that the said special appropriation is free from all anterior charges, being the disposable residue of the actual tribute of Egypt, after deducting the sum of 282,872*l.* out of the old tribute of Egypt, pledged to the Imperial Ottoman Loans of 1854 and 1855.

By virtue of the authority which has been conferred upon us by the Imperial Government, we have empowered one of the Secretaries of the Imperial Embassy in London, to sign that obligation in our name, and it will also be signed by the Agents for the Loan.

This loan is issued in:—

		£		Frs.		£	Frs.
1,000	bonds of	1,000	of	25,000	each	1,000,000	25,000,000
3,400	,,	500	,,	12,500	,,	1,700,000	42,500,000
25,000	,,	100	,,	2,500	,,	2,500,000	62,500,000
25,000	,,	20	,,	500	,,	5,000,000	12,500,000
Total ...	54,400	Bonds amounting to		...	...	5,700,000	142,500,000

Executed in London, this 26th day of February, 1872.

DENT, PALMER, & CO.,
Agents for the Loan.

4. *Copy of Correspondence Relative to the Loan of* 1871.

(Translated from the French.)

Cairo, 28 *June*, 1871.

Messrs. the Directors of the Société du Crédit Général Ottoman and Charles Edwards.

The Egyptian Minister of Finance to the Contractors for the Loan.

His Highness the Grand Vizier, by his despatch under date the 24th Rabi-Emil, has communicated to His Highness the Khedive that the Ottoman Government has contracted with your bank and with Mr. Ch. Edwards a loan of 5,700,000*l.* That in accordance with the terms of that loan the Imperial Government is to pay into the Bank of England, to be placed at your disposal, an annual sum of 399,000*l.*, to be expended in two half-yearly payments reckoning from 1872, the first payment to be made on the 10th of each month of the Nilson (April), and the second on the 10th of each month of Fachirine-Emil (October).

His Highness the Grand Vizier has expressed to His Highness the Khedive a desire that the said sum of 399,000*l.* should be paid by the Egyptian Treasury into the Bank of England, to be held at your disposal a fortnight before the periods above-mentioned; and this on account of the Egyptian Tribute, viz., the sum of 288,000*l.* has been already pledged by the Sublime Porte to the Bank of England.

I have the honour to inform you that by his Order No. 43, dated the 10th Rabi Akher, 1288, His Highness the Khedive has instructed me to pay the remainder of the amount of the first Tribute, with portion of the increase to which it has been in virtue of the last Imperial Firman issued at the commencement of the year 1323, forming in all the sum of 399,000*l.*, into the Bank of England each year, reckoning from 1872, to be held at your disposal in this despatch of His Highness the Grand Vizier.

Be pleased, &c.
The Minister of Finance,
(Signed) ISMAIL SEDDICH. (L.S.)

Letter from Lord Granville to Musurus Pasha, dated August 7, 1871.

With reference to the conversation which I had with your Excellency on the subject of the Loan which you informed me your Government had contracted on favourable terms with some English capitalists, I have now the honour to acquaint your Excellency that I have been informed by the Lords Commissioners of Her Majesty's Treasury, that as long as the Treasury priority of charges in connection with the Loans of 1854 and 1855 remains secure and valid, they have no objections to offer to the conditions of the new Loan.

The Imperial Ottoman Embassy, London, 10*th August*, 1871.

Letter from Musurus Pasha to Lord Granville, dated August 10, 1871.

I had the honour to receive the letter which your Excellency was good enough to address to me, dated the 7th instant, to inform me *à propos* of the new Loan which the Imperial Government proposes to contract with certain English Capitalists, that the Lords of the Treasury have no objections to oppose to the conditions of the aforesaid Loan, so long as the surety and the validity of the rights of guarantee of the English Treasury, in connection with the Loans of 1854 and 1855, remain untouched.

In confirmation of the assurances which I gave verbally to your Excellency in the conversation which I had with you upon the subject of the new Loan, I now formally declare, in the name of the Imperial Government, that the Egyptian Tribute, to the extent of 282,872*l.*, which, since 1855, has been regularly remitted to the Bank of England, and which, the residue, after providing for the service of the Loan of 1854, constitutes, according to Article 3 of the Convention of the 27th of June, 1855, together with the product of the Customs of Smyrna and Syria, a special guarantee for the Loan of 1855, will continue to be a charge as heretofore for the service of the Loans of 1854 and 1855, and

that only that part of the actual Tribute of Egypt arising from the augmentation made in 1866, and which has never been applicable to the Loans of 1854 and 1855, will be applicable as the special guarantee for the new Loan.

I have, &c.
(Signed) MUSURUS.

To his Excellency Lord Granville, K.G.
&c. &c. &c.

Reply of Lord Odo Russell, dated Foreign Office, August 24, 1871.

Mr. Odo Russell presents his compliments to Musurus Pasha, and with reference to his Excellency's letter of the 10th instant, has the honour to inform him that the Lords Commissioners of Her Majesty's Treasury have no observations to offer with regard to the new Ottoman Loan beyond those contained in their letter of the 3rd instant, of which a copy was inclosed to Musurus Pasha on the 7th.

Imperial Ottoman Embassy, London, 20th September, 1871.

Letter Musurus Pasha to the Governor of the Bank of England, dated September 20, 1871.

Gentlemen,

I have the honour to inform you that besides the sum of 292,872*l.* per annum which is pledged to the Loans of 1854 and 1855, and has been always remitted to the Bank of England by the Egyptian Tribute Administration and carried to the Egyptian Tribute Account, there will henceforth be sent to the Bank by the same administration the sum of 399,000*l.* per annum, being a part of the actual Tribute of Egypt arising out of the increase made in 1866, and which was never pledged to the aforesaid two Loans, and so this last-mentioned annual sum is wholly assigned for the service of a Loan just contracted by the Imperial Government, called the Imperial Ottoman 6 per cent. Egyptian Tribute Loan of 1871. I hereby request and authorize you to open a new account in the books of the Bank, to which you will have the goodness to carry all remittances made from Egypt on account of the said annual payment of 399,000*l.*

I have, &c.
(Signed) MUSURUS.

The Governor and Deputy-Governor of the Bank of England.

Reply of the Bank of England by their Chief Cashier.

I am directed to acknowledge the receipt of your Excellency's letter, dated 20th September, and to inform you that, in conformity with your request, an account has been opened under the title of "Egyptian Tribute Ottoman Loan of 1871," to which shall be carried all remittances made from Egypt on account of the annual payment of 399,000*l.*, which has been assigned to the service of the Loan recently contracted by your Government called the Imperial Ottoman 6 per cent. Egyptian Loan of 1871.

Letter from the Cashier of the Bank of England to Messrs. Dent, Palmer, and Co., October 5, 1872.

I beg to acknowledge the receipt of your letters of the 1st and 3rd instant, together with the letters of authority from the Crédit Général Ottoman and Mr. Charles Edwards, to hold for the purposes of the Imperial Ottoman Loan of 1871, all remittances of the Tribute of Egypt which may be made to them subject to the instructions of his Excellency the Turkish Ambassador.

Letter from the Crédit Général Ottoman to the Governor and Company of the Bank of England, dated Constantinople, June 14, 1872.

By virtue of a contract made between us and His Highness the late Aali Pasha, Grand Vizier of His Imperial Majesty the Sultan, dated 2nd August, 1871, a certain portion of the Tribute due to the Imperial Government from the Khedive of Egypt was assigned as a special security for the payment of the interest and sinking fund of the Loan raised by the Turkish Government in the course of last year, of which Messrs. Dent, Palmer, and Company, are the Agents in London.

We beg to submit the clauses in the contract for the loan which provide for the manner in which the Tribute is to be remitted, and you will there observe that it was not contemplated that the funds should be at our disposal prior to fifteen days before the payment of the dividend, and then upon an order given to the Bank by the Representative of the Imperial Government in England.

In order to place the account in the form contemplated by the contract, we have to request that you will place all remittances made to you for our account by the Finance Minister of His Highness the Khedive, to an account which we understand you have raised in your books under the title of the Egyptian Tribute Ottoman Loan of 1871.

The money to the credit of the said account is to be paid over to the Agents of the Loan in London fifteen days before the 10th of April and 10th of October in each year, and the Representative of the Imperial Government in England will give you the necessary instructions as to the time of payment in the same manner as is followed with respect to the Loans of 1854 and 1855.

ARTICLE VII.

"To secure redemption of the present Loan and the service of the interest, the Imperial Ottoman Government sets apart, over and above its direct and general guarantee under denomination of Special Mortgage, an annual sum of 399,000*l.* sterling, effective, taken from the Egyptian Tribute which it engages should be paid by His Highness the Khedive into the Bank of England for account of the contractors, in accordance with the mode followed in respect of the payment of the 282,872*l.* sterling, hypothecated for the Loans of 1854 and 1855."

ARTICLE VIII.

"The sum representing exactly the account required for the service of the Loan in the shape of interest and sinking fund, shall be paid by the Bank of England into the hands of the contractors or their representatives at least fifteen days before the same are due."

Copy letter from the Chief Cashier of the Bank of England to Eponno Musurus, Chargé d'Affaires to the Imperial Government, dated October 9, 1872.

I have the honour to inform you that the necessary authority has now been received from Mr. Charles Edwards and from the Crédit Général Ottoman, with regard to the appropriation of the remittances made to the Bank for their account by the Minister of Finance of Egypt, for the purposes of the Imperial Ottoman Loan of 1871.

These amounts will henceforth be carried to the account of the Egyptian Tribute Ottoman Loan of 1871, which will be subject to the instructions of the Representative of the Sublime Porte in England.

Copy letter from the Chief Cashier of the Bank of England to Messrs. Dent, Palmer, and Co., dated October 7, 1872.

I beg to inform you that, in accordance with the instructions of his Excellency the Turkish Ambassador, the sum of 228,000*l.* has been this day transferred to the credit of your account for the half-year's interest and sinking fund due 10th instant on the Imperial Ottoman Loan of 1871.

No. 115.

Lord Tenterden to Mr. Randolph Stewart.

Foreign Office, December 22, 1876.

Sir,

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 18th instant, respecting the case of the bondholders of the 1854 Turkish Loan, and inclosing a copy of the Bill which the bondholders have filed to be introduced into Parliament next Session.

I am, &c.
(Signed) TENTERDEN.

No. 116.

Messrs. Ashurst, Morris, and Co. to the Earl of Derby.—(Received December 23.)

6, *Old Jewry, London, E.C., December 21, 1876.*

My Lord,

REFERRING to our letter to your Lordship of the 29th November last, inclosing notice of intended application to Parliament for a Bill relative to the Turkish Loans of 1854, 1855, and 1871, we now beg to send your Lordship a print of the Bill, as deposited in the House of Lords on the 16th instant.

We have, &c.
(Signed) ASHURST, MORRIS, & Co.

Inclosure in No. 116.

A Bill to settle a Scheme of Arrangement for the Administration of Moneys now deposited with, or which from time to time shall be remitted to the Bank of England on account of the Tribute or Tributes of Egypt, constituting the security for the following Loans, or some of them, namely, Turkish Tribute Loan, 1854, Turkish Guaranteed Loan, 1855, and Turkish Tribute Loan, 1871.

[See Inclosure in No. 114.]

No. 117.

Lord Lyons to the Earl of Derby.—(Received December 24.)

(No. 1063.)

Paris, December 23, 1876.

My Lord,

WITH reference to your Lordship's despatch No. 973 of the 18th ultimo, and to my despatch No. 975 of the 21st ultimo, I have the honour to transmit to your Lordship a copy of a note which I received last night from the Duc Decazes, and which contains the answer of the French Government to the proposal made to it to join Her Majesty's Government in making a representation to the Porte respecting the Ottoman Loans of 1854 and 1855.

The Duc Decazes expresses his willingness to send instructions to the French Ambassador at Constantinople, to come to an understanding at the present time with his English colleague, with a view to their acting together in regard to those two loans; but he

reserves to the French Government complete freedom of action with regard to supporting hereafter the claims of the creditors of the Porte interested in the loans made subsequently to the two in question.

I have, &c.
(Signed) LYONS.

Inclosure in No. 117.

The Duc Decazes to Lord Lyons.

M. l'Ambassadeur, *Paris, le 20 Décembre*, 1876.

VOUS m'avez fait l'honneur de m'écrire, le 21 du mois dernier, pour proposer, au nom de votre Gouvernement, que la France et l'Angleterre unissent leurs démarches auprès de la Porte Ottomane, en lui offrant, au besoin, leurs bons offices, afin de la déterminer à conclure un arrangement amiable avec les porteurs de titres de l'Emprunt Turc de 1854. Vous développez, en même temps, dans votre communication, les motifs qui devaient rendre un tel arrangement désirable pour les deux Cabinets.

Le Gouvernement Français ne conteste point que, par les déclarations identiques de Lord Clarendon et de M. Drouyn de Lhuys, rendues publiques au moment de l'émission de l'Emprunt Turc de 1854, et exprimant la confiance des deux Gouvernements dans la bonne foi avec laquelle la Turquie remplirait ses engagements, l'Angleterre et la France, sans avoir explicitement garanti les engagements en question, aient, cependant, assumé à cet égard une responsabilité morale. Il en découle pour toutes deux, nous n'hésitons pas à l'admettre, une certaine obligation d'employer leur influence en faveur des créanciers qui se sont fiés à leur attestation.

D'un autre côté, les ressources destinées au paiement des échéances de l'Emprunt de 1854 sont subsidiairement affectées à l'emprunt de l'année suivante, que les deux Puissances ont conjointement garanti. Celles-ci sont donc intéressées, au moins d'une façon indirecte, à la régularité du service de la dette antérieure et autorisées dès lors à interpeller le Gouvernement Turc à ce sujet, sans qu'elles aient à entrer toutefois dans l'examen des discussions que la Porte peut poursuivre, concernant la distribution de ses fonds avec la Banque d'Angleterre, qui en est dépositaire.

Ces diverses considérations, indiquées dans la lettre que votre Excellence a bien voulu m'adresser, ont une valeur que le Gouvernement Français est, pour sa part, disposé à reconnaître. Elles sont, d'ailleurs, comme vous le faites justement observer, spéciales à l'Emprunt de 1854 et ne préjugent pas les résolutions qu'il pourrait convenir à l'un ou à l'autre Gouvernement de prendre au sujet des réclamations des créanciers de la Turquie porteurs de titres émis ultérieurement. Nous entendons, quant à nous, conserver en ce qui concerne l'appui qui pourrait être prêté à ces derniers, notre liberté d'appréciation et d'action et nous regretterions que le Cabinet Anglais renonçât par avance à user de la sienne lorsque le moment lui en paraîtrait venu. Dès à présent, nous nous unirons volontiers au Gouvernement de la Reine pour intervenir, d'accord avec lui, auprès de la Porte Ottomane, dans le sens tracé par l'office de votre Excellence, et je suis prêt à envoyer des instructions à l'Ambassadeur de France à Constantinople, afin qu'il s'entende, à cet effet, avec Sir H. Elliot.

Agréez, &c.
(Signé) DECAZES.

No. 118.

Mr. Stewart to the Earl of Derby.—(*Received December* 28.)

St Stephen's Chambers, Westminster, London, S.W., December 27, 1876.

My Lord,

I HAVE the honour to inform you that I have received the following telegram from Mr. Lawrence McEwen, who went out with me to Constantinople in August last, for the purpose of negotiating with the Ottoman Porte for the re-arrangement of the 1854, 1855, and 1871 Loans, upon the basis of the scheme which we had the honour of submitting to you, and to the Chancellor of the Exchequer:—

"Inform British Government his Highness (the) Grand Vizier has agreed (to) settle the Tribute Loans including (the) Government Loan, as he promised us (he would if he were

made Grand Vizier). I leave to morrow *vid* Varna with (a) special Commissioner (to) settle details with Palmer and Musurus Pasha.

"I am sure (the) Government and (the) nation will appreciate (this) prompt act (of) justice on (the) part of (the) new Turkish Government and (the) Sultan. Steps will also be taken to invite (the) other bondholders (to) agree upon a plan (of) amicable settlement advantageous (to) everybody, with (the) least possible delay."

I have, &c.
(Signed) RANDOLF STEWART.

No. 119.

Safvet Pasha to Musurus Pasha.—(*Communicated to the Earl of Derby by Musurus Pasha, December* 28.)

Constantinople, le 27 Décembre, 1876.

SON Altesse le Grand Vézir vient d'adresser à la Banque Ottomane la lettre suivante:—

"La Turquie, en inaugurant le régime constitutionnel, devait nécessairement se préoccuper avant tout de mettre ses lois en harmonie avec les principes de ses institutions nouvelles.

"La loi du 6 Octobre, 1875, qui a porté le trouble dans l'économie financière de l'Empire en ébranlant son crédit et en blessant le sentiment public de justice et de loyauté, doit être considérée dès aujourd'hui comme entièrement abrogée, et le Gouvernement se réserve de présenter aux Chambres, aussitôt qu'elles seront réunis, et après en avoir fait part à ses créanciers, un projet de loi nouvelle propre à donner la meilleure satisfaction possible aux droits et aux intérêts des détenteurs de sa dette publique, et à sauvegarder l'honneur de l'Empire."

Sur sa démande, nous avons autorisé la Banque à faire elle-même en Europe la publication de cette décision.

No. 120.

Lord Tenterden to Messrs. Ashurst, Morris, and Co.

Gentlemen, *Foreign Office, December* 28, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 21st instant, inclosing a copy of a Bill proposed to be submitted to Parliament, relating to the Ottoman Loans of 1854, 1855, and 1871.

I am, &c.
(Signed) TENTERDEN.

No. 121.

The Earl of Derby to Lord Lyons.

(No. 1057.)

My Lord, *Foreign Office, December* 30, 1876.

THE correspondence,* of which a copy is inclosed herewith, for your Excellency's information, gives the substance of communications which have lately passed between the Treasury and the Bank of England as to the legal liability of the Guaranteeing Governments for the interest of bonds drawn in due course, but not paid off by the Turkish Government.

In accordance with the wish expressed by the Board of Treasury, I have to request that your Excellency will take steps to ascertain whether the French Government hold the same view as that laid down in the Treasury letter of the 16th instant, viz., "that the Guaranteeing Governments are legally and equitably bound to pay the interest on the bonds representing the Guaranteed Turkish Loan of 1855, until the money required to pay off the principal has been placed at the disposal of the bondholders in accordance with the contract between them and the Turkish Government.

I am, &c.
(Signed) DERBY.

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* No. 113.

No. 122.

Lord Tenterden to Mr. R. Stewart.

Sir, *Foreign Office, January* 1, 1877.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 27th ultimo, communicating to Her Majesty Government a copy of a telegram received from your agent in Constantinople, respecting the present position of the negotiations with the Porte for the settlement of the claims of the bondholders of the Loans of 1854, 1855, and 1871.

I am, &c.
(Signed) TENTERDEN.

No. 123.

Mr. Law to Lord Tenterden.—(Received January 2.)

My Lord, *Treasury Chambers, January* 1, 1877.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury the copy of Mr. Randolph Stewart's letter of the 12th ultimo, which accompanied your Lordship's letter of the 15th ultimo, with reference to the statement contained in Mr. Scudamore's Memorandum on the proposals made by the Delegates from the Tribute Bondholders, to the following effect.

"The English Government, by the mouth of the Chancellor of the Exchequer, has declared that the Egyptian Tribute will, under any circumstances, continue to be sent direct from Egypt to England."

I am to point out that there is a material difference between the declaration attributed to the Chancellor of the Exchequer by Mr. Scudamore, and the words used by him as quoted in Mr. Stewart's letter, viz., "that the Egyptian Tribute, as at present arranged, must come into the Bank of England." And I am to request that you will move the Secretary of State to cause Mr. Stewart to be informed that their Lordships would impress upon him and his colleagues the importance of accuracy in such matters.

I am, &c.
(Signed) WILLIAM LAW.

No. 124.

Lord Lyons to the Earl of Derby.—(Received January 3.)

(No. 2.)
My Lord, *Paris, January* 2, 1877.

I HAVE the honour to transmit to your Lordship a copy of a note in which, in obedience to the instructions contained in your Lordship's despatch No. 1057 of the 30th ultimo, I have inquired whether the French Government concurs in the view taken by the Lords Commissioners of the Treasury, as to the liability of the Guaranteeing Governments for interest on bonds of the Ottoman Loan of 1855, drawn for repayment, but not actually paid off by the Turkish Government.

I have, &c.
(Signed) LYONS.

Inclosure in No. 124.

Lord Lyons to the Duc Decazes.

M. le Ministre, *Paris, January* 2, 1877.

IT appears that the contract between the holders of the Guaranteed Ottoman Loan of 1855 and the Turkish Government, provides that a certain number of the bonds representing that Loan shall be periodically drawn by lot and paid off by that Government.

Her Majesty's Government have had under their consideration the question of the liability of the Guaranteeing Powers for the interest of bonds, drawn in due course, but not actually paid off by the Turkish Government.

The Lords Commissioners of Her Majesty's Treasury hold distinctly that the Guaranteeing Governments are legally and equitably bound to pay the interest on the bonds representing the Guaranteed Loan of 1855, until the money required to pay off the principal has been placed at the disposal of the bondholders in accordance with the contract between them and the Turkish Government.

The Lords Commissioners are anxious to ascertain whether the French Government holds the same views, and I have the honour, in obedience to instructions which I have received from Her Majesty's Government, to ask your Excellency to inform me whether this is the case.

I have, &c.
(Signed) LYONS.

No. 125.

The Earl of Derby to Lord Lyons.

(No. 3.)
My Lord, *Foreign Office, January* 3, 1877.

I TRANSMIT herewith, for your Excellency's information, a copy of a letter which I have received from Mr. Stewart,* of the Egyptian Tribute Bondholders' League, stating that Mr. McEwen, their representative at Constantinople, has obtained satisfactory assurances from the Grand Vizier respecting the settlement of the Turkish Loans of 1854, 1855, and 1871.

I am, &c.
(Signed) DERBY.

No. 126.

Lord Tenterden to Mr. Stewart.

Sir, *Foreign Office, January* 6, 1877.

WITH reference to your letter of the 12th ultimo, upon the subject of the statement contained in Mr. Scudamore's Memorandum, on the proposal made by the Delegates from the Tribute Bondholders, to the following effect:—

"The English Government, by the mouth of the Chancellor of the Exchequer, has declared that the Egyptian Tribute will, under any circumstances, continue to be sent direct to England from Egypt."

I am directed by the Earl of Derby to remark that there is a material difference between the declaration attributed to the Chancellor of the Exchequer by Mr. Scudamore, and the words used by him, as quoted in your despatch, viz.:—

"That the Egyptian Tribute, as at present arranged, must come into the Bank of England."

I am, &c.
(Signed) TENTERDEN.

No. 127.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, January* 6, 1877.

I AM directed by the Earl of Derby to transmit to you a copy of a despatch from Her Majesty's Ambassador at Paris,† inclosing a copy of a letter from the French Minister for Foreign Affairs, stating that he has no objection to issue instructions to the French Ambassador at Constantinople to co-operate with Her Majesty's Ambassador in making a representation to the Porte on the subject of the Ottoman Loans of 1854 and 1855, but that he claims freedom of action in supporting the claims of the bondholders of the loans of a later date.

I am to request that you will state to the Lords of the Treasury that, with their concurrence, Lord Derby proposes to instruct Sir H. Elliot accordingly.

I am, &c.
(Signed) TENTERDEN.

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* No. 116. † No. 117.

No. 128.

Sir H. Elliot to the Earl of Derby.—(Received January 12.)

(No. 12.)
My Lord, *Constantinople, January 5, 1877.*

I HAVE the honour to forward herewith to your Lordship a translation of the Imperial Decree which has just appeared providing for the issue of an additional amount of paper currency.

This has now been increased by 7,000,000 Turkish pounds, thus raising the entire emission to 10,000,000, for the redemption of which the Decree provides an apparently efficient security.

Of these 7,000,000, 2,500,000 are to be devoted to the most necessary expenses of the Treasury; 2,000,000 are to be kept in reserve, and not to be put into circulation except in case of urgent necessity; 2,400,000 are to be applied to the reduction of the floating debt; and 100,000 to remain as a provisional capital for the extinction of the larger copper currency.

The clause in the Decree stating that the floating debt is to be reduced at a price to be agreed upon with the creditors is an objectionable one, as implying that the Government renounce all idea of satisfying the just demands of this class of creditors in full—a determination which scarcely harmonises with the recent abolition of the Decree of October 6, 1875.

The present paper currency is to be redeemed at the rate of 500,000*l.* per annum, temporary provision being made for this by the receipts of the tithes and the sheep tax from certain portions of the Vilayet of Smyrna.

The destruction by fire of the notes withdrawn from circulation is to take place every month, and the administration and collection of the revenues necessary to effect this are to be altogether undertaken by a Mixed Commission consisting of six members selected partly from functionaries of the Ottoman Bank, and partly from capitalists of established probity and character.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 128.

Decree.

ON sait que le Gouvernement Impérial, pour faire face aux dépenses extraordinaires nécessitées par les mouvements militaires qui continuent depuis l'année passée, a émis du papier-monnaie pour une somme de 3,000,000 livres Turques, soit 600,000 bourses.

D'après une décision prise, il a été procédé à une souscription publique, mais attendu que les événements actuels acquièrent de jour en jour plus de gravité et que les dépenses augmentent en proportion, le Gouvernement Impérial a pris la décision suivante, afin de faire face aux dépenses extraordinaires et de régler une partie de la dette flottante et des emprunts temporaires du Malieh:

La somme de 3,000,000 livres de papier-monnaie actuellement en circulation est augmentée de 7,000,000 livres, et portée en total à la somme de 10,000,000 livres, sous les fortes garanties qui seront spécifiées plus bas et conformément au règlement en vigueur;

De cette somme de 7,000,000, 2,500,000 livres seront employées dès à présent aux dépenses urgentes du Trésor. 2,000,000 seront réservées par le Trésor et ne seront mises en circulation qu'en cas de besoin. 2,400,000 livres, à l'exception du compte courant avec la Banque Impérial Ottomane qui s'élève à 3,000,000, seront employées pour régler une partie de la dette flottante, suivant un prix qui sera fixé en commun avec les créanciers.

Le reste, soit 100,000 livres, servira de capital provisoire pour le retrait de la circulation des pièces de cuivre de 1 piastre et de 20 paras et pour l'émission de pièces de 5 paras cuivre.

Une somme de 500,000 livres sera chaque année amortie et retirée de la circulation. Cet amortissement aura lieu au moyen des revenus désignés lors de l'émission des 3,000,000 de papier. De plus, il sera affecté à cet amortissement pour un terme de vingt ans un revenu du trésor de 500,000 livres composé des revenus qui servaient au payement des intérêts de la dette flottante de 300,000 livres, dette qui sera réglée

moyennant l'émission présente, et d'une affectation spéciale du Trésor pour 200,000 ayant cours à partir de l'année financière 1293 (1877-78).

Les revenus qui sont affectés à cet amortissement, pendant la première année, sont l'impôt des dîmes des Sandjaks d'Aïdin, de Smyrne, et de Saroukhan (Vilayet d'Aïdin), impôt qui, l'année passée, s'est élevé à 36,435,000 piastres et l'impôt des moutons des Vilayets d'Aïdin et de Kouieh, lequel a atteint l'année passée la somme de 18,100,000 piastres. Toutefois, les Chambres qui seront réunies au mois de Mars prochain auront la faculté de substituer à ces revenus d'autres allocations pour les années suivantes.

Les susdites affectations seront administrées et perçues par l'intermédiaire de la direction de la Banque Impériale Ottomane de Constantinople, avec le concours et l'assistance des autorités locales. Ces revenus ne pourront aucunement être employés ailleurs que pour le retrait du caïmé. C'est pourquoi ils seront remis, contre reçu, aux succursales de la Banque et expédiées à Constantinople pour être versés dans la caisse spéciale qui sera créée à la direction générale de la Banque Impériale Ottomane. Le retrait et la destruction par le feu du caïmé retiré commenceront à la fin du mois de Mai, et auront lieu tous les mois.

Cette formalité se fera publiquement et en présence d'une Commission *ad hoc*, dont il sera parlé plus bas. Afin d'assurer le public au sujet du retrait effectif du caïmé, une loi réglant le mode de destruction sera préparée et publiée avant le mois de Mai.

Une Commission sera formée ayant pour mission de surveiller la prompte perception des susdits revenus, le retrait de la circulation du caïmé et sa destruction par le feu. La présidence de la Commission sera confiée à un personnage compétent choisi par le Gouvernement Impérial.

Les membres de cette Commission, au nombre de six, seront pris parmi les fonctionnaires de la Banque et les capitalistes honorables, sujets Ottomans et étrangers.

Les autorités locales dresseront chaque semaine un bordereau en double des sommes qui seront remises aux succursales de la Banque. L'un de ces bordereaux, accompagnés des récépissés des succursales, sera envoyé au Ministère des Finances, et l'autre à la susdite Commission. La Commission, à la fin de chaque mois, contrôlera les rentrées de la Banque avec les bordereaux et les récépissés qui lui auront été remis, et annoncera par les journaux, dans les limites de la loi respective, le jour, le lieu, et la quantité du caïmé détruit par le feu.

Le papier-monnaie, qui sera ainsi détruit mois par mois, doit représenter à la fin de l'année la somme de 500,000 livres. Il est donc nécessaire que la quantité qui sera brûlée le douzième mois complète cette somme. A cet effet, la Commission a pour devoir spécial de faire attention à ce que la somme brûlée chaque mois s'élève en moyenne à 41,600 livres Turques environ.

Dans le cas où ce résultat ne serait pas obtenu, la Commission est tenue d'en aviser à temps l'autorité et la direction de la Banque, et de rechercher les moyens de compléter la somme. Enfin, la Commission est tenue, à la fin du mois de Mai de chaque année, de dresser et de publier officiellement un bordereau indiquant les sommes qui ont été brûlées chaque mois pour amortir les 500,000 livres.

Les revenus affectés à l'amortissement de ces 500,000 livres étant considérés comme suffisants, la Commission avisera le Malieh de l'excédant qui resterait dans la Caisse après la destruction des 500,000 livres. Cet excédant sera remis par la Banque au Ministère des Finances.

No. 129.

Sir H. Elliot to the Earl of Derby.—(Received January 12.)

(No. 13.)
My Lord, *Constantinople, January 5, 1877.*

I HAVE the honour to inclose herewith a copy of a letter which has been addressed by the Grand Vizier to the Directors of the Ottoman Bank, declaring his intention to abrogate immediately the Iradé of October 6, 1875, which publicly proclaimed the inability of the Turkish Government to meet its engagements.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 129.

Extract from the "Levant Herald" of January 3, 1877.

THE TURKISH DEBT.—ABOLITION OF THE LAW DEFERRING THE PAYMENT OF INTEREST.—The new Grand Vizier, Midhat Pasha, has taken a step which cannot fail to have a most beneficial effect in removing from the Ottoman Empire the stain of self-proclaimed bankruptcy. His Highness has addressed the following letter, under date of December 27, to the directors of the Imperial Ottoman Bank:—

Turkey, in inaugurating a constitutional system, must above all things endeavour to place her laws in harmony with the principles of her new institutions. The law of October 6, 1875, which has brought disorder into the financial economy of the Empire, by shaking its credit and wounding the public feeling of justice and good faith, must be considered from this day forth entirely abrogated, and the Government proposes to present to the Turkish Parliament, as soon as the Chambers shall have met, and after communication with the public creditors, a measure of law calculated to give the fullest possible satisfaction to the rights and to the interests of the holders of its Public Debt, and to safeguard the honour of the Empire.

No. 130.

Mr. Law to Lord Tenterden.—(Received January 18.)

Treasury Chambers, January 17, 1877.

My Lord,

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 6th instant, covering copy of a despatch from Her Majesty's Ambassador in Paris, in which it is stated that the French Minister for Foreign Affairs has expressed his willingness to issue instructions to the French Ambassador at Constantinople to co-operate with the British Representative in making a representation to the Porte on the subject of the Ottoman Loans of 1854 and 1855, but that his Excellency reserves to the French Government complete freedom of action with regard to supporting hereafter the claims of the creditors of the Porte who are interested in loans made subsequently to those above-mentioned.

Their Lordships have directed me to state, in reply, that they concur with the Earl of Derby in his proposal to instruct Sir H. Elliot to unite with his French colleague at Constantinople in making a joint representation to the Porte respecting the Loans of 1854 and 1855.

I am, &c.
(Signed) WILLIAM LAW.

130*.

The Earl of Derby to Mr. Jocelyn.

(No. 103.)

Foreign Office, February 26, 1877.

Sir,

I HAVE to instruct you to ascertain unofficially whether the present Ministry adopt the views of Midhat Pasha with regard to the proposals made by the bondholders of the Ottoman Loans of 1854 and 1855.

The bondholders of those loans have expressed their anxiety to know how the matter stands.

I am, &c.
(Signed) DERBY.

No. 131.

Safvet Pasha to Musurus Pasha.—(Communicated to the Earl of Derby by Musurus Pasha, January 27.)

Constantinople, le 23 Janvier, 1877.

(Télégraphique.)

LE Gouvernement Impérial a décidé de faire venir à Constantinople deux spécialistes distingués, l'un de Paris et l'autre de Londres, pour la réorganisation du Ministère des Finances.

Veuillez vous adresser à son Excellence le Ministre des Finances pour le prier de choisir parmi les spécialistes les plus compétents de Londres une personne réunissant toutes les conditions requises et qui s'engagerait à se rendre dans ce but, pour un temps déterminé, à Constantinople.

Je vous prie de me télégraphier le nom et les qualités de ce spécialiste ainsi que les conditions de son engagement.

No. 130*.

The Marquis d'Harcourt to the Earl of Derby.—(Received January 26.)

Londres, le 25 Janvier, 1877.

M. le Comte,

M. l'AMBASSADEUR d'Angleterre à Paris a exprimé à M. le Duc Decazes relativement à l'Emprunt Ottoman de 1855, le désir de savoir si le Gouvernement Français était disposé à s'associer à la manière de voir des Lords Commissaires du Trésor Britannique, en reconnaissant que la garantie consentie par la France et l'Angleterre doit s'étendre à l'intérêt des titres à amortir, mais non encore remboursés aux porteurs de cet emprunt. M. le Ministre des Finances, à qui M. le Duc Decazes a dû en référer, a fait aussitôt de la question l'objet du plus sérieux examen; mais il n'a pas tardé à se trouver arrêté dans ses études par l'insuffisance des matériaux, un grand nombre de documents relatifs à cette affaire ayant disparu à la suite de l'incendie des archives de son Département en 1871. M. Léon Say a été ainsi conduit à s'adresser à M. le Ministre des Affaires Etrangères pour compléter ses informations sur le fonctionnement du service de l'emprunt, et sur l'application des ressources destinées à y faire face. Il désirerait savoir notamment dans quelles conditions l'amortissement est constitué; si cette opération a lieu par des tirages dont l'époque a été fixée à l'avance, ou par des rachats indéterminés; qu'elle est la dette du dernier tirage ou du dernier rachat, et si le Gouvernement Ottoman y a affecté, conformément au contrat de l'emprunt, les 1,800,000 fr. provenant du Tribut Egyptien, ainsi que les produits des Douanes de Smyrne et de Beyrouth.

Dans ces circonstances je viens de la part de M. le Duc Decazes demander à votre Excellence si elle ne pourrait donner communication au Gouvernement Français des renseignements précis qu'elle doit posséder sur ces différents points, afin de nous mettre en mesure de nous prononcer en pleine connaissance de cause sur la question qui nous a été posée. J'espère que votre Excellence fera une réponse favorable à la requête du Département des Affaires Etrangères, et je la prie d'avance d'agréer l'expression de la reconnaissance de mon Gouvernement.

Veuillez, &c.
(Signé) D'HARCOURT.

No. 132.

The Earl of Derby to Mr. Jocelyn.

(No. 43.)

Sir, *Foreign Office, January* 30, 1877.

I TRANSMIT to you, for your information, a copy of a despatch which I have addressed to Her Majesty's Ambassador at Paris,* instructing his Excellency to draw the attention of the French Government to the position in which the Guaranteeing Powers of the Ottoman Loan of 1855 stand with respect to the bondholders of the Loan of 1854, and to the inconvenience which arises from time to time in consequence of the inability of the Porte to provide sufficient funds to meet the coupons of the two Loans when falling due, on which occasions the Governments of England and France have been called upon to advance the sums necessary for that purpose.

Her Majesty's Government are not unmindful of the circumstances under which the bondholders of 1854 were induced to subscribe to that loan at a time when the two Governments were engaged in carrying on war in support of Turkey, and they would gladly see the Porte enter into any arrangements acceptable to those bondholders.

Her Majesty's Government have, therefore, sought the co-operation of the French Government in order to press this matter upon the Porte, and I now inclose for your information a copy of a despatch from Lord Lyons,† conveying the consent of the Duc Decazes to a joint representation to be made by the two Governments to the Porte, reserving to themselves the right of supporting hereafter the claims of the creditors of the Porte interested in the loans made subsequently to the two in question.

I have, accordingly, to instruct you to concert with your French colleague, and to address a joint representation to the Porte, embodying the views of Her Majesty's Government, as expressed in my despatch to Lord Lyons No. 973 of the 18th of November last.

You will impress upon the Porte the necessity of at once coming to some agreement with the bondholders of the Loan of 1854, and you will state that Her Majesty's Government are willing to grant their good offices to facilitate the conclusion of some satisfactory arrangement.

I inclose, for your information, printed copies of the correspondence which has passed upon the subject of the various Ottoman Loans.

I am, &c.

(Signed) DERBY.

No. 133.

The Earl of Derby to Mr. Jocelyn.

(No. 47.)

Sir, *Foreign Office, January* 30, 1877.

THE Turkish Ambassador communicated to me on the 27th instant a telegram from Safvet Pasha stating that the Turkish Government had decided to obtain the services of two eminent financiers, one from Paris and the other from London, for the reorganisation of the Turkish Ministry of Finance; and instructing Musurus Pasha to request the Chancellor of the Exchequer to select a person properly fitted for this appointment, who would be prepared to come to Constantinople for a specified time.

I told Musurus Pasha to-day that I had mentioned the matter to the Chancellor of the Exchequer, and that Her Majesty's Government would be ready to assist the Porte in making its selection. They could not, however, undertake to make the choice themselves, or to be responsible for the appointment.

I added that it would be desirable to have further information as to the exact nature of the appointment and the qualifications required for it.

I am, &c.

(Signed) DERBY.

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* No. 101.

† No. 117.

No. 134.

Mr. Law to Lord Tenterden.—(Received February 1.)

My Lord, *Treasury Chambers, February 1, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Earl of Derby that they have received a letter from the Bank of England stating that the funds have not been provided by the Turkish Government for the payment of the interest, due the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855; and that under these circumstances my Lords have, in virtue of the powers vested in them by the 1st section of 18 and 19 Victoria, cap. 99, authorised the Bank of England to advance the sum of 76,304*l.* to meet the charge (including the interest due on the bonds drawn for redemption on 1st August last), in order that the guarantee of Her Majesty, given jointly with that of the French Government, and severally, under the authority of that Act, may be satisfied.

I am to request you to move the Secretary of State to make known these circumstances to the French Government, in order that a remonstrance may be addressed to the Turkish Government, and their attention drawn to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially of the annual amount of the Tribute of Egypt which remains over and above the part thereof appropriated to the first loan (of 1854), and, moreover, on the Customs of Smyrna and Syria.

My Lords feel confident that every effort will be made by the Porte to satisfy fully the obligation which the Turkish Government has undertaken towards the Guaranteeing Powers.

I am, &c.
(Signed) WILLIAM LAW.

No. 135.

The Earl of Derby to Lord Lyons.

(No. 73.)

My Lord, *Foreign Office, February 3, 1877.*

I TRANSMIT herewith, for your Excellency's information, a copy of a letter which I have received from the Board of Treasury* relative to the failure of the Turkish Government to provide funds for the payment of the interest due the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855.

Her Majesty's Government request that your Excellency will communicate the substance of this letter to the French Government, and that you will invite them to instruct their Representative at Constantinople to address a remonstrance to the Porte, drawing their attention to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially of the annual amount of the Tribute of Egypt which remains over and above the part thereof appropriated to the first loan (of 1854), and, moreover, on the Customs of Smyrna and Syria.

On their part Her Majesty's Government will send instructions to Her Majesty's Chargé d'Affaires in Turkey to press the matter at the Porte in the above sense. The attention of the Ottoman Ambassador in London will also be called to this neglect of his Government in fulfilling their engagements.

I am, &c.
(Signed) DERBY.

No. 136.

Lord Lyons to the Earl of Derby.—(Received February 6.)

(No. 85.)

My Lord, *Paris, February 5, 1877.*

I HAVE the honour to transmit to your Lordship a copy of a note in which, in obedience to the instruction conveyed to me by your despatch No. 73, of the day before

* No. 134.

yesterday, I have invited the French Government to remonstrate with the Porte on its failure to provide funds for the payment of the interest due on the 1st instant on the Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 136.

Lord Lyons to the Duc Decazes.

M. le Ministre, *Paris, February 5, 1877.*

THE Lords Commissioners of Her Majesty's Treasury have been informed by the Bank of England that the funds have not been provided by the Turkish Government for the payment of the interest due on the 1st instant on the Imperial Ottoman Guaranteed Loan; and the Lords Commissioners have, in consequence, authorized the Bank of England to advance the sum necessary to meet the charge (including the interest due on the bonds drawn for redemption on the 1st August last) in order that the guarantee of Her Majesty, given jointly with that of the French Government and severally, may be satisfied.

Her Majesty's Government have instructed me to make these facts known to your Excellency, and to request the French Government to instruct their Representative at Constantinople to address a remonstrance to the Porte, and to draw its attention to the clause of the Convention of 1855 whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially on the annual amount of the Tribute of Egypt which remains over and above the part thereof appropriated to the first loan (of 1854), and, morever, on the Customs of Smyrna and Syria.

On their part Her Majesty's Government will send instructions to Her Majesty's Chargé d'Affaires in Turkey to press the matter at the Porte in the above sense; and the attention of the Ottoman Ambassador in London will also be called to the neglect of his Government in fulfilling their engagements.

I have, &c.
(Signed) LYONS.

No. 137.

Mr. Law to Lord Tenterden.—(Received February 6.)

My Lord, *Treasury Chambers, February 5, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State, a copy of a letter dated the 1st instant, from the Bank of England, stating that the sum of 76,304*l.* has been placed to the credit, as an advance, of the Imperial Ottoman Guaranteed Loan Dividend Account.

My Lords considered that it would be only an act of courtesy to the Sublime Porte to afford it reasonable time to reply to the application which the Secretary of State will doubtless have made to it on the receipt of the Treasury letter of 1st instant, before they give directions for the repayment of the above sum to the Bank of England out of the Consolidated Fund, and before they move the Secretary of State to call on the French Government to fulfil their obligation under the guarantee by repaying to Her Majesty's Government one moiety of said sum and of the interest thereon. My Lords, however, cannot delay repayment for any length of time, and they lay the circumstances before Lord Derby in full confidence that, on the facts being made known to the Porte, no time will be lost in providing the amount of the interest due on the 1st instant.

I am, &c.
(Signed) WILLIAM LAW.

Inclosure in No. 137.

Mr. May to Mr. W. H. Smith, M.P.

Sir, *Bank of England, E.C., February* 1, 1877.

I AM directed to acknowledge the receipt of your letter of the 30th ultimo, and to inform you that, in compliance with the request contained therein, and under the authority of the Lords Commissioners of Her Majesty's Treasury, the sum of 76,304*l.* has been this day placed as an advance, to the credit of the Imperial Ottoman Guaranteed Loan Dividend Account.

A statement showing the interest thereon, which will be at the Bank minimum rate, shall be forwarded in due course upon the repayment of the amount.

I am, &c.

(Signed) F. MAY, *Chief Cashier.*

No. 138.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, February* 6, 1877.

I HAVE the honour to inform your Excellency, that the Lords of Her Majesty's Treasury have notified to me that the funds have not been provided by the Turkish Government for the payment of the interest due on the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855; and that under these circumstances they have, in virtue of the powers vested in them by the 1st section of Act, 18 and 19 Vict., cap. 99, authorized the Bank of England to advance the sum of 76,304*l.* to meet the charges (including the interest due on the bonds drawn for redemption on the 1st of August last), in order that the guarantee of Her Majesty, given jointly with that of the French Government, may be satisfied.

I have the honour to request that you will draw the attention of the Porte to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially of the annual amount of the Tribute of Egypt which remains over and above the part thereof appropriated to the first Loan of 1854, and, moreover, on the Customs of Smyrna and Syria.

Her Majesty's Government feel confident that every effort will be made by the Porte to satisfy fully the obligation which they have undertaken towards the Guaranteeing Power; and I have therefore the honour to request that your Excellency will at once remind the Turkish Government of the neglect to provide the funds required for the payment of the coupon of the 1st instant.

I am, &c.

(Signed) DERBY.

No. 139.

The Earl of Derby to Mr. Jocelyn.

(No. 56.)

Sir, *Foreign Office, February* 6, 1877.

I TRANSMIT to you a copy of a letter which I have addressed to Musurus Pasha,* drawing his Excellency's attention to the failure of his Government to procure the necessary funds to meet the coupon of the Ottoman Loan of 1855, due on the 1st instant; in consequence of which Her Majesty's Government, as one of the Guaranteeing Powers, have been compelled to advance the sum of 76,304*l.* for that purpose.

I have likewise addressed a letter to Her Majesty's Ambassador at Paris, instructing his Excellency to invite the French Government to desire their Representative at Constantinople to address a remonstrance to the Porte; and I have to instruct you, in like manner, to press the matter on the Turkish Government in the sense indicated in my letter to Musurus Pasha.

I am, &c.

(Signed) DERBY.

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* No. 138.

No. 139 A.

Mr. Lister to Mr. Lingen.

Sir, *Foreign Office, February* 6, 1877.

I AM directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a letter from the French Ambassador at this Court,* explaining thedifficulty in which the French Government are placed, in consequence of the destruction by fire, in the year 1871, of certain documents bearing upon the question of the Ottoman Loan of 1855, in replying to the question put by Her Majesty's Ambassador at Paris to the Duc Decazes as to whether the French Government takes the same view as the Board of Treasury in regard to the responsibilities of Her Majesty's Government and that of France in regard to this loan.

The particular points in regard to the loan on which the French Government desire to be enlightened are stated in the French Ambassador's letter, and I am to request that you will move the Board of Treasury to have the goodness to enable Lord Derby to furnish his Excellency with the information which he desires.

I am, &c.

(Signed) T. V. LISTER.

No. 139 B.

The Earl of Derby to the Marquis d'Harcourt.

M. l'Ambassadeur, *Foreign Office, February* 6, 1877.

I HAVE the honour to acknowledge the receipt of your Excellency's letter of the 25th ultimo, stating the reasons for which your Excellency's Government is desirous of obtaining information on certain points connected with the Ottoman Loan of 1855, in order to enable him to come to a decision upon the question brought before the Duc Decazes by Her Majesty's Ambassador at Paris in regard to the responsibilities of the British and French Governments as concerns that loan.

I have referred your Excellency's letter to the proper department of Her Majesty's Government, and I hope to be shortly enabled to furnish your Excellency with the particulars desired by your Government.

I am, &c.

(Signed) DERBY.

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* No. 130* (Marquis d'Harcourt, January 25).

No. 140.

Musurus Pasha to the Earl of Derby.—(*Received February* 8.)

My Lord, *Ambassade Impériale Ottomane, le 7 Février*, 1877.

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser en date d'hier pour m'informer de la nécessité où se sont trouvés les Lords de la Trésorerie de Sa Majesté la Reine d'autoriser la Banque d'Angleterre à avancer la somme de 76,304*l.*, à l'effet de mettre cet établissement à même de payer les intérêts de l'Emprunt Garanti de 1855, échus le 1^er^ de ce mois, et pour m'inviter à rappeler au Gouvernement Impérial la négligence mise à pourvoir à temps à l'envoi des fonds nécessaires au payement des susdits intérêts.

Je ne manquerai pas de transmettre au Gouvernement Impérial la note précitée de votre Excellence et d'appeler toute son attention sur sa teneur. En attendant, je dois informer votre Excellence que d'après une dépêche télégraphique que j'ai reçu de son Excellence Safvet Pacha, le Ministère Impérial des Finances m'a expédié, par le courrier du 31 du mois dernier, attendu incessamment à Londres, des traites de la valeur de 76,304*l.*, montant des intérêts susmentionnées, et que j'en ai déjà informé la Banque d'Angleterre, à laquelle je remettrai ces traites dès qu'elles me seront parvenves.

J'ai, &c.

(Signé) MUSURUS.

No. 141.

Lord Lyons to the Earl of Derby.—(*Received February* 9.)

(No. 95.)

My Lord, *Paris, February* 8, 1877.

I THINK it right to send your Lordship a copy of a confidential letter which I have received this morning from Mr. Hanson from Constantiaople.

It relates to a plan for the arrangement of the Ottoman finances, which would appear to be connected with the application made by the Porte to the British and French Governments, to place financial officers at its disposal.

One of the objects of the letter seems to be to recommend that M. Frémy should be selected by the French Government as the officer to be sent in compliance with this request.

I do not purpose to enter into any communication with the French Government on the subject without instructions from your Lordship.

In answer to the letter I have merely sent an acknowledgment of the receipt of it with thanks.

I have, &c.

(Signed) LYONS.

Inclosure 1 in No. 141.

Mr. Hanson to Lord Lyons.

(Confidential.)

My Lord, *Constantinople, February* 2, 1877.

I THINK it my duty to address your Lordship under the following circumstances: If Sir H. Elliot, or the Comte Bourgoing, had been here, I would have communicated personally with them, but in their absence I do not feel at liberty to do otherwise than put the matter before your Lordship.

In the latter part of 1875, confidential negotiations were entered into with M. Frémy, the late Governor of the Crédit Foncier, on behalf of his Highness Mahmoud Pasha, then Grand Vizier. M. Frémy's advice and help was asked in order to reorganize the whole financial position of the Empire. At one time it seemed from telegrams and communications made by the authority of the Grand Vizier that all would be arranged, and that the programme sketched out by M. Frémy would be carried into effect.

In a few words, I may say, that it was based upon a thorough and complete budget of the real position of the finances of the country drawn up and certified by persons whose testimony Europe would trust. It would have provided for the amount immediately required for pressing necessities, the conversion and unification of the floating debt, and

other debts of the Empire—the creation and organization of a financial system most suited to the country, and comprising a real State Bank, as well as other establishments necessary for the development of the agricultural and other resources. M. Frémy's condition was, that he should be officially invited and charged by the Ottoman Government to effect this.

In the month of March last year, the gentleman (a Frenchman) who was the medium (jointly with parties named for the purpose by the Grand Vizier) applied to me to aid him, as he was ignorant of Turkish, in the very difficult position in which he was placed by a sudden suspension of the negotiations just at a moment when, in full expectation of his advice being taken, and his plan adopted, M. Frémy had prepared and held at the disposal of the Government a large sum, at their request, to meet their pressing requirements for the payment of the coupons.

Although at the time and since then I have not been in direct correspondence on the subject, as I was convinced, by seeing the letters received from M. Boyer, M. Frémy's private secretary, and by being made acquainted with all that had passed, that all was perfectly *bonâ fide*, I did not hesitate to undertake personal and confidential communications and explanations with Mahmoud Pasha. I need not enter into any particulars about these, beyond saying that though explanations were given and the negotiations apparently maintained, and delay justified on the plea that the projects then before the Government required some little examination, it was evident that it was intended to do nothing, as Mahmoud Pasha was committed to the scheme presented for a Société Fermière, and the combinations resulting from it. Since that time we have, as opportunity offered, brought this matter before the authorities, and latterly I handed to his Excellency Ghalil Pasha, Minister of Finance, the proposition of which the inclosed is a copy, signed by the gentleman to whom I have referred. I may also state that the same proposition was through another channel brought to the notice of the Sultan.

During the last few days I have learnt on undoubted authority that the advice given by M. Frémy has been adopted as the one most conducive to the good of the country, and that the Government has requested the Governments of Great Britain and France to recommend two gentlemen who should preside over the reorganization of the finances. I have been assured also that, whilst the Government would be highly pleased at the nomination of M. Frémy, for high diplomatic reasons they do not wish to influence the choice of the respective Governments, but knowing the position and influence of M. Frémy, they naturally expect him to be named. I have no reason to doubt the assurance given me that a request was confidentially made that M. Frémy should be informed of the resolution taken, in order that he might act accordingly; but, as your Lordship would naturally suppose would be the case, we have been informed by telegraph that nothing could possibly be done in Paris to this end.

Naturally, M. Frémy, though anxious as he has been and still is to render this service to the country, occupies too high a position to attempt in any way to put himself forward, and indeed it might appear difficult for most people to believe, at his age and in his position, it would suit him to undertake such a trust.

Under these circumstances, therefore, I think it my duty to lay before you these facts, which I should have felt it right to communicate confidentially to Sir H. Elliot and to the Comte Bourgoing, if they had still been here.

If I am committing an error in addressing your Lordship on the subject, I must ask you to excuse me. I felt that as this matter would naturally be the subject of negotiations between England and France, I was right, as an Englishman interested in the well-being of this country, to make your Lordship acquainted with the suggestions and advice which have at last decided the Government to adopt the wise resolution in question.

I may add that, whilst I hear that the Turkish Ambassador in Paris has merely been instructed to transmit the request of his Government, there may be reasons on his part which might lead his Excellency not to reflect entirely the wishes and the feelings which are, I believe, prevalent in high quarters here.

I have, &c.
(Signed) H. J. HANSON.

Inclosure 2 in No. 141.

Memorandum.

NOUS avons l'honneur de renouveler au Gouvernement Impérial Ottoman les faits suivants :—

1. M. Frémy n'a jamais changé d'avis depuis le jour (un an passé) où il a donné sa parole d'être personnellement à la disposition du Gouvernement pour réorganiser ses finances : il est donc toujours prêt à se rendre à Constantinople sur la première invitation officielle du Gouvernement.

2. Pour arriver à cette rénovation des finances Turques, M. Frémy ne voit qu'une seule route à suivre, c'est celle d'organiser dans l'Etat et par l'Etat une vaste combinaison financière ayant pour base, dans le propre intérêt du Gouvernement, la connaissance exacte des ressources et des charges de l'Empire : seul moyen pour ramener la confiance de l'Europe et lui faire accepter la conversion de la dette publique, l'unification de la dette flottante avec des conditions avantageuses pour le Gouvernement.

3. Pour obtenir ce résultat, et créer à l'Empire les ressources qui sont nécessaires au développement de sa position de Grande Puissance, M. Frémy a toujours invariablement demandé une seule chose : l'institution par le Gouvernement Impérial Ottoman d'une Commission Supérieure, avec deux Présidents, un Anglais et l'autre Français, chargée d'étudier la situation financière de la Turquie et d'établir avant tout le bilan véritable de ses ressources et de ses dépenses.

Pour bien faire comprendre l'idée de M. Frémy, sur cette grave question financière, nous devons donner les explications suivantes : M. Frémy entend que cette Commission supérieure soit l'organe du Gouvernement et non celui d'une spéculation. La nuance est très importante. Il faut, dans une si haute question, que l'initiative vienne du Gouvernement ; on fera, en suite, dans les études et dans les combinaisons, la part des porteurs de titres, mais il est urgent que le Gouvernement soit et reste le maître de la situation.

Si le Gouvernement veut sortir victorieusement de l'impasse difficile où les spéculations l'ont mis, il ne doit plus accepter de projets financiers venant du dehors, n'importe la provenance ; tout projet financier qui ne sera pas l'émanation du Gouvernement et directement préparé sous ses ordres, sera encore un attentat contre le Trésor de la Turquie.

Comme conclusion, nous nous permettrons de formuler, en quelques lignes, le simple décret nécessaire pour élever la position financière du pays à la hauteur de celle des Puissances de l'Europe :—

Article 1. Il est institué une Commission supérieure chargée d'étudier la situation financière de la Turquie, d'établir le bilan exact de ses charges et de ses dépenses.

Art. 2. La présidence de cette Commission est confiée à M. , Anglais, et à M. Frémy, Français.

Art. 3. Cette Commission, outre ses deux Présidents, se composera de quatre ou six membres nommés par le Gouvernement. Deux ou trois d'entre eux seront nommé sur la présentation des deux Présidents.

Art. 4. Cette Commission, après avoir terminé son travail, présentera au Gouvernement un Projet de Réorganisation des finances de la Turquie.

Ces quelques lignes, émanant de Sa Majesté Impériale le Sultan, suffiront, et les deux Présidents, au profit du Gouvernement, avec leur réputation personnelle et leur force financière, feront que ce projet de réorganisation des finances de la Turquie, par son ensemble et par ses bases, recevra l'adhésion et le concours de toute l'Europe.

Voilà les vérités que nous avons l'honneur de soumettre au Gouvernement Impérial Ottoman. Elles sont proclamées et soutenues par M. Frémy, un des plus anciens et des plus consciencieux financiers de l'Europe.

No. 142.

The Earl of Derby to Lord Lyons.

(No. 81.)
My Lord, *Foreign Office, February 9, 1877.*

I HAVE received your Excellency's despatch No. 85 of the 5th instant, and I approve the note which you have addressed to the Duc Decazes, a copy of which is therein inclosed, with reference to the failure of the Porte to provide for the payment of the interest due on the 1st instant on the Guaranteed Loan of 1855.

I am, &c.
(Signed) DERBY.

No. 143.

Mr. Jocelyn to the Earl of Derby.—(Received February 17, 2·45 P.M.)

(Telegraphic.) *Constantinople, February 17, 1877, 1·45 P.M.*

THE joint communication with regard to bondholders of the Loan of 1854, and the payment of coupon of the Loan of 1855, was made by my French colleague and myself to the Porte to-day.

No. 144.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, February 17, 1877.*

WITH reference to your letter of the 17th ultimo, I am directed by the Earl of Derby to state to you, for the information of the Lords Commissioners of Her Majesty's Treasury, that a telegram has been received from Her Majesty's Chargé d'Affaires at Constantinople, reporting that he and his French colleague, this day, made a joint communication with regard to the bondholders of the Loan of 1854, and the payment of the coupon of the Loan of 1855.

I am, &c.
(Signed) TENTERDEN.

No. 145.

Mr. Law to Lord Tenterden.—(Received February 19.)

Sir, *Treasury Chambers, February 17, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Secretary of State, a copy of a letter from the Bank of England, stating that bills for the sum of 76,304*l.* had been received from the Turkish Ambassador in order to meet the charge of the coupons due on the 1st instant on the Turkish Guaranteed Loan, and I am to request you to state to his Lordship that the bills in question have been discounted, and that, after the adjustment of the charge, the Bank of England reports that a balance of 736*l.* 15*s.* remains at the disposal of the Turkish Government.

I am, &c.
(Signed) WILLIAM LAW.

Inclosure 1 in No. 145.

Mr. May to Mr. W. H. Smith, M.P.

Sir, *Bank of England, February 10, 1877.*

REFERRING to the previous correspondence with regard to the provision for the interest due 1st February, 1877, on the Imperial Ottoman Guaranteed Loan of 1855, I am directed to inclose a copy of a letter which has been received from his Excellency the Turkish Ambassador, covering bills amounting to 76,304*l.*

Assuming that the bills, which are now out for acceptance, are in order, the Governors will be happy to comply with his Excellency's request, and, as on the previous occasion, to discount them under the guarantee of the Treasury.

Should their Lordship's authority be received from you in time to pass the bills on Monday, the inclosed memorandum will represent the state of the account.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

Inclosure 2 in No. 145.

Musurus Pasha to Mr. May.

Sir, *Imperial Ottoman Embassy, London, February 9, 1877.*

REFERRING to my letter to you of the 1st instant, I beg to transmit you the inclosed fourteen bills of exchange for the total sum of 76,304*l.*, and I request you to discount the same, and apply the proceeds to the payment of the half-year's interest due on the 1st instant on the Imperial Loan of 1855.

It is understood that whatever amount may be available from the Tribute of Egypt for the above-mentioned payment will, after providing for the discount and stamps on the inclosed bills, be carried by you to the credit of the Imperial Government, and held at my disposal.

I have, &c.
(Signed) MUSURUS.

No. 146.

Mr. Jocelyn to the Earl of Derby.—(Received February 20.)

(No. 114.)
My Lord, *Constantinople, February 9, 1877.*

SIR HENRY ELLIOT reported to your Lordship, in his despatch No. 12 of the 5th ultimo, that the Sultan had issued an Irade creating a further issue of 7,000,000 Turkish pounds of paper currency, of which 2,000,000 were to be applied to the immediate wants of the Treasury, 2,400,000 to the repayment of bankers' advances, 1,000,000 to the withdrawal of a portion of the copper coin, and 2,000,000 to be placed in reserve.

In consequence of the promise of the 2,400,000 having been officially announced to the participation in the advances which had been made both here and in Europe, a considerable rise took place in the shares of the establishments of which they were members.

The value of the paper has now fallen to 170 piastres, against 100 piastres in gold to the pound Turkish, and the Government, alarmed at the depreciation, decided in Council a fortnight ago to limit the issue to 2,000,000, in lieu of 7,000,000, in consequences of which the promise to repay the bankers their advances was necessarily withdrawn.

The effect of this breach of contract upon the financial transactions already entered into will be most disastrous, and the Government, perceiving their mistake, have now promised to make good the loss sustained by the Ottoman Bank in this matter by offering to authorize the sale of the securities held by the Bank against them.

These, however, amounting to about 1,000,000, are far too small to cover the advance of nearly 10,000,000, which the Bank has made, and thus it will be seen that a fresh financial embarrassment has arisen, and renewed discredit has been brought upon the Porte by its own reckless and improvident policy.

I have, &c.
(Signed) NASSAU JOCELYN.

No. 147.

Mr. Jocelyn to the Earl of Derby.—(Received February 20.)

(No. 127.)
My Lord, *Constantinople, February 13, 1877.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 43 of the 30th ultimo, directing me to concert with my French colleague, and to address a joint representation to the Porte with regard to the Loans of 1854 and 1855.

M. de Moüy has already received instructions in a similar sense, and we propose to make our communication in a few days.

He is, however, not directly instructed to tender to the Porte the good offices of his Government in order to facilitate the conclusion of the arrangement as regards the Bondholders of 1854; but, judging from the despatch of the Due Decazes to Her Majesty's Ambassador, of the 20th December, 1876, he will insert in his note the words, "on lui offrait au besoin ses bons offices afin de la déterminer à conclure," &c.

The nature of our communications will thus be the same, although our notes may not be identic.

I have, &c.
(Signed) NASSAU JOCELYN.

No. 148.

Memorandum respecting the English Financial Officer whom the Porte desires to engage for the Reorganization of the Ministry of Finance.—(Communicated to the Earl of Derby by Musurus Pasha, February 21.)

Il aura les fonctions et les attributions de Conseil du Ministère des Finances.

La durée de son engagement sera de trois ans.

La fixation de sa rémunération dépendra en général des avantages qu'il perdrait en quittant sa position actuelle en Angleterre pour entrer au service de la Sublime Porte.

No. 149.

Lieutenant-Colonel le Champion to Lord Tenterden.—(Received February 23.)

My Lord, 28, *Cathcart Road, South Kensington, February* 22, 1877.

I HAVE the honour to state the following for your Lordship's favourable recommendation to the Right Honourable the Secretary of State for Foreign Affairs:—

In order to preserve the present unanimity of the holders of the Turkish Tribute Loans of 1854-55, who have consented to heavy sacrifices, it is very essential to ascertain whether the present Turkish Ministry continues to approve of the basis of settlement laid down in the scheme which his Excellency Odian Effendi, by the direction of the late Grand Vizier (Midhat Pasha), was recently arranging in person with Mr. Palmer (Deputy Governor Bank of England and agent to the loans), and which was only interrupted by his sudden recall.

The constant changes of Ministry, coupled with the fact that the concessions alluded to have to be provided for prior to the payment of the approaching dividend, render it necessary to obtain, if possible, an early official statement from the Turkish Ministry on the above point, viz., whether it does or does not approve of the same basis of settlement as that laid before his Excellency Midhat Pasha, and which basis had been previously submitted to the Right Honourable the Chancellor of the Exchequer.

The bondholders could then proceed with certain arrangements requiring immediate attention, so as to meet the views of Sublime Porte, and effect a final and prompt settlement.

I have, &c.
(Signed) H. M. LE CHAMPION, *Lieutenant-Colonel,*
Member of the Council of the Bondholders.

Inclosure 1 in No. 149.

Lieutenant-Colonel Champion to

Dear Sir, 28, *Cathcart Road, South Kensington, February* 23, 1877.

MR. PALMER, Deputy Governor Bank of England and agent to the loans, informs me that his arrangement with Odian Effendi (who attended in person) failed because the latter claimed 78,000 (or 178,000*l.*) out of last October dividend (1876).

Mr. Palmer refused, stating that, as the Porte had delayed acceptance until after payment of the coupons, he could not deduct the money.

Odian Effendi, therefore, referred for fresh instructions, and meantime Midhat Pasha left office.

As the dividends are again due about end of March, an early preliminary assent is necessary to arrange so as to prevent fresh difficulty and loss to the Porte. The latter now pays twice over to the 1855 Loan, besides losing a very large sum from the 1854 Loan; for while the money lies idle in the Bank, it provides the 1855 dividend from other sources! The Bank cannot pay the 1855 Loan until the 1854 is paid in full.

Greek and other speculators have, it seems, sold the Tribute and other Loans to an enormous amount; and as they do not hold the stock itself, to meet engagements they intrigue to prevent a settlement, which would improve Turkish credit greatly, as it would indicate a return to an honest policy. Intrigues to divert the Tribute altogether continue with the same view—of injuring credit both in Turkey and Egypt.

I am a member of the Council, and am to see Mr. Palmer again; and if you could favour me with a note when the reply of the Porte has been received, I could attend at the Foreign Office.

If Her Majesty's Government is officially informed by the Porte that the basis of settlement alluded to (and which was previously laid before Sir Stafford Northcote) is considered a fair one (for consideration, if not for immediate settlement), the *bond fide* holders, who are most grateful for the assistance afforded by Government, would at once arrange matters of detail with Messrs. Palmer and prevent further delays and difficulties.

The word "agreement" in Sir Stafford Northcote's speech (inclosed) perhaps refers to the scheme of settlement which was submitted for his consideration.

I am, &c.
(Signed) H. M. LE CHAMPION.

P.S.—We desire to keep the arrangement out of the hands of speculators, and to effect a prompt and final settlement; and if Her Majesty's Government can obtain an official assurance that our offers are still considered acceptable as a basis for immediate or future settlement, the bondholders would then arrange at once to meet the views of the Porte before (if possible) any fresh change or crisis occurs in the Ministry. We desire by such inquiry to let the present Ministry know that the bondholders are ready to abide by their very liberal offers and sacrifices.

H. M. LE C.

Inclosure 2 in No. 149.

Extract from the "Times" of February 13, 1877.

TURKISH LOANS.—REPLYING to Colonel Mure,

The *Chancellor of the Exchequer* said:—Her Majesty's Government have not paid the coupon due this month on the Turkish Guaranteed Loan of 1855, the Turkish Government having provided the full amount required. With regard to the Loan of 1854, Her Majesty's Government have taken steps to fulfil the pledge which they gave to the House of Commons. On agreement between the Treasury and the Foreign Office, Lord Derby instructed Lord Lyons to ascertain whether the French Government would join in a representation to the Porte on behalf of the bondholders of 1854, adding a suggestion that the two Governments might, in the interest of all concerned, proffer their good offices to facilitate the conclusion of an agreement. The Duc Decazes replied expressing the readiness of the French Government to instruct the French Ambassador at Constantinople to come to an understanding with his English colleague and to secure their joint action in regard to the Loans of 1854 and 1855. Accordingly, instructions have been sent to Her Majesty's Chargé d'Affaires at Constantinople to give effect, on behalf of England, to the joint resolution of the two Governments. (Hear, hear.)

No. 150.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, February* 24, 1877.

WITH reference to your letter of the 7th instant, I have the honour to acquaint your Excellency that the Lords Commissioners of Her Majesty's Treasury have informed me that bills for the sum of 76,304*l.* have been received from you by the Bank of England, in order to meet the charge of the coupons due on the 1st instant on the Guaranteed Turkish Loan of 1855, that the bills in question have been discounted, and that, after the adjustment of the charge, a balance of 730*l.* 15*s.* remains at the disposal of the Ottoman Government.

I am, &c.
(Signed) DERBY.

No. 151.

Lord Tenterden to Lieutenant-Colonel Champion.

Sir, *Foreign Office, February* 26, 1877.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 22nd instant, expressing the desire of the holders of the Turkish Tribute Loans of 1854 and 1855 to be informed whether the present Ministry in Turkey are prepared to adopt the scheme under negotiation with Midhat Pasha.

Her Majesty's Government have no official knowledge that Midhat Pasha and the Porte had agreed to the plan proposed by the bondholders, and they are not aware of the views of the present Ministry on the subject. Her Majesty's Chargé d'Affaires will, however, be instructed by telegraph to ascertain unofficially how the matter stands.

I am, &c.

(Signed) TENTERDEN.

No. 152.

Mr. R. Stewart to the Earl of Derby.—(Received February 26.)

St. Stephen's Chambers, Westminster Bridge, S.W., February 26, 1877.

My Lord,

UNDERSTANDING that no answer has as yet been received at the Foreign Office from Constantinople as to the arrangement of the claims of the bondholders of the 1854 Turkish Loan, in spite of the fact that the matter had been placed officially before the Porte by the Representatives of Her Majesty's and of the French Governments on the 17th instant, I trust that your Lordship will forgive my again bringing the matter to your notice.

Your Lordship is aware that his Highness Midhat Pasha accepted the proposals made by my colleague, Mr. Lawrence McEwen, and myself, by which the money now lying to the credit of the bondholders of that loan, as well as of the 1855 (guaranteed) and the 1871 Loans in the Bank of England was to be at once released upon certain conditions, and confided to his Excellency Odian Effendi, during his visit to this country, the arrangement of the details of the agreement; and the very day previous to the change of Grand Viziers his Excellency telegraphed to Constantinople for permission to make the final settlement as arranged. Since the accession of Edhem Pasha the same propositions have again been made to the Porte; but the inclosed extract of a letter received this morning from Mr. Foster, C.B., whose authority in such matters your Lordship is aware is second to none, makes the bondholders anxious for a straightforward and unequivocal reply. Their case is quite extraneous from anything which a Turkish budget can effect, and they have determined, in case of further delay being caused by the Turkish Government, to bring the matter to an issue by invoking the aid of Parliament to obtain for them the release of their money now in the Bank of England; but previous to doing this, they are anxious that the reply as to the actual intentions of the Porte should be in their hands.

Under these circumstances I would ask your Lordship's permission that Her Majesty's Chargé d'Affaires at Constantinople should be instructed by telegraph to communicate the reply of the Government to Her Majesty's Government's remonstrances.

I have, &c.

(Signed) RANDOLPH STEWART.

Inclosure in No. 152.

Mr. Foster to Mr. R. Stewart.

(Extract.) *Constantinople, February* 20, 1877.

YUSUF is hiding for the present—they say concocting the Budget—and the reply always is that he is at the palace. But, through Zuchti, I have ascertained that they will not take any definite steps at present regarding the Tribute Loans. Yussuf is preparing his own scheme to submit to the Parliament when it assembles, and you may feel pretty certain that his scheme is one for swindling the bondholders as much as possible. I do

not trust Yussuff. Nothing that he has touched has turned out well. He was Finance Minister, and signed with Mahmoud Nedim the abominable October Decree, declaring at the time that he highly disapproved of it. I told him if he did he ought to have resigned sooner than signed it; but I believe he is really a fanatic, and was pleased at the notion of despoiling the Giaours. I doubt anything satisfactory being done while he is head of the Finance Department and during his connection with the palace.

To Edhem I shall speak my mind pretty freely. For the moment nothing can be done, but I will do my best and lose no opportunity to bring the Government to see matters in a rational light. This, however, will take time.

No. 153.

The Earl of Derby to Mr. Jocelyn.

(Telegraphic.) *Foreign Office, February* 26, 1877, 5·15 P.M.

THE bondholders of the Ottoman Loans of 1854 and 1855 are anxious to know whether the present Ministry adopt the views of Midhat Pasha with respect to their proposals.

Ascertain unofficially how the matter stands.

No. 154.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, February* 27, 1877.

I AM directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, the accompanying copies of Memoranda which have been communicated to his Lordship by the Turkish Ambassador at this Court,* expressing the desire of the Porte to obtain the services of an English financier to assist in the reorganisation of the Turkish Ministry of Finance, and explaining the position which that gentleman would hold, as well as the remuneration which would be assigned to him.

I am to request that you will move their Lordships to cause Lord Derby to be informed what answer should be returned to Musurus Pasha's communications.

I am, &c.

(Signed) TENTERDEN.

No. 155.

The Earl of Derby to Mr. Jocelyn.

(Telegraphic.) *Foreign Office, February* 26, 1877, 5:30 P.M.

HAS the Porte yet returned an answer to the joint representation of yourself and your French colleague respecting the claims of the 1854 bondholders?

It would be very desirable that the Porte should come to a settlement of this matter.

No. 156.

The Earl of Derby to Mr. Jocelyn.

(No. 105.)

Sir, *Foreign Office, February* 28, 1877.

IT would be very desirable that the Turkish Government should come to a settlement of the claims of the 1854 bondholders, and I have to request you to inform me whether the Porte has yet returned an answer to the joint representation respecting this matter which was made by yourself and your French colleague on the 17th instant.

I am, &c.

(Signed) DERBY.

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* Nos. 131 and 148

No. 157.

Lord Tenterden to Mr. Stewart.

Foreign Office, February 28, 1877.

Sir,

I AM directed by the Earl of Derby to inform you that, in compliance with the request contained in your letter of the 26th instant, Her Majesty's Chargé d'Affaires at Constantinople has been instructed by telegraph to report whether any answer has yet been received from the Porte to the joint representation made to them by the French Chargé d'Affaires and himself respecting the claims of the bondholders of the Loan of 1854, and adding that it is highly desirable that the Turkish Government should come to a settlement of the question.

I am, &c.
(Signed) TENTERDEN.

No. 158.

The Earl of Derby to Lord Lyons.

(No. 121.)

Foreign Office, February 28, 1877.

My Lord,

WITH reference to my despatch No. 81 of the 9th instant, and to previous correspondence, I have to acquaint your Excellency that the Lords Commissioners of Her Majesty's Treasury have communicated to me a copy of a letter addressed by the Turkish Ambassador at this Court to the Bank of England, transmitting bills for the sum of 76,304*l.* in payment of the half-year's interest due on the 1st instant on the Imperial Guaranteed Loan of 1855.

The Board of Treasury informs me that the bills in question having been discounted, there remains, after an adjustment of the charge in question, a balance of 736*l.* 15*s.* to the credit of the Turkish Government.

Your Excellency will have the goodness to inform the French Government of the payment thus made by Musurus Pasha.

I am, &c.
(Signed) DERBY.

No. 159.

Mr. Jocelyn to the Earl of Derby.—(Received March 1, 3·45 P.M.)

(Telegraphic.)

Constantinople, March 1, 1877, 1·30 P.M.

PORTE has not yet replied officially to the joint representation respecting bondholders of 1854 and 1855.

I have ascertained following in reply to your telegram of the 26th instant:—

Porte considers that Loan of 1855, being formally guaranteed by England and France, can be affected by no financial measure whatever, and that all the engagements originally taken with regard to it must stand.

It cannot propose any immediate arrangement in favour of bondholders of 1854 Loan.

It will invite a body of delegates appointed by holders of all the loans to meet at Constantinople to state their views and make proposals, which will be submitted to Parliament.

Should no arrangement satisfactory to all be thus obtained, Porte will engage to abide by the judgment of a competent European Tribunal as regards the Tribute Loans, but is not disposed to incur responsibility of making a large preferential arrangement of the 1855 bondholders unless covered by a judicial decision.

No. 160.

Mr. R. Stewart to the Earl of Derby.—(Received March 1.)

St. Stephen's Chambers, Westminster Bridge, March 1, 1877.

My Lord,

IN acknowledging the receipt of your Lordship's letter of yesterday, might I ask the favour of being informed of the answer received from Constantinople by Her Majesty's Government as soon as it arrives?

As it is evident, however, that the Turkish Government, ever since the unfortunate dismissal of Midhat Pasha, have simply been trying to evade their liabilities and postpone the matter, upon the pretext of requiring the sanction of their new Parliament, I would most respectfully urge that Her Majesty's Government should intimate to the Turkish Ambassador in this country that he should represent to the Porte the extreme discredit which they incur, without the slightest prospect of any corresponding advantage whatever, in not releasing the money, the property of their creditors, now in the Bank of England, long since overdue, and which it has been clearly proved they can neither utilize for themselves nor alienate for the benefit of any creditors other than the tribute bondholders, whilst, if they like to do so, they can defer the definite future arrangement of these loans, as proposed on the liberal basis which has been offered them until after it has been constitutionally discussed by their Legislature.

I have, &c.
(Signed) RANDOLPH STEWART.

No. 161.

The Earl of Derby to Mr. Jocelyn.

(Telegraphic.)

Foreign Office, March 2, 1877, 6·20 P.M.

WOULD there be any objection to communicate to the bondholders of the 1854 Loan that portion of your telegram of yesterday which relates to them?

No. 162.

Mr. Jocelyn to the Earl of Derby.—(Received March 3.)

(Telegraphic.)

Constantinople, March 3, 1877.

THE joint communication respecting the bondholders which should have gone by messenger this morning was inadvertently omitted. It will be sent by post on Tuesday.

No. 163.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received March 3.)

Treasury Chambers, March 3, 1877.

My Lord,

THE Lords Commissioners of Her Majesty's Treasury have had before them your letter of the 27th ultimo, covering copy of a communication which has been made to the Secretary of State by the Turkish Ambassador at this Court, intimating the desire of the Porte to obtain the services of an English financier to assist in the reorganization of the Turkish Ministry of Finance, and requesting to be informed what reply should, in their Lordships' opinion, be made to this proposal.

I am to request that you will inform the Earl of Derby that, in so far as the question may be regarded from a financial point of view, my Lords cannot recommend Her Majesty's Government to take the responsibility of nominating any one for this duty.

I have, &c.
(Signed) W. H. SMITH.

No. 164.

Lord Tenterden to Mr. Stewart.

Sir, *Foreign Office, March 5, 1876.*

IN reply to your letter of the 1st instant, I am directed by the Earl of Derby to inform you that a telegram has been received from Her Majesty's Chargé d'Affairs at Constantinople stating that no answer has yet been returned by the Porte to the joint representation made by him and his French colleague on the subject of the Ottoman Loans of 1854 and 1855.

I am, &c.
(Signed) TENTERDEN.

No. 165.

Mr. Jocelyn to the Earl of Derby.—(Received March 6.)

(Telegraphic.) *Constantinople, March 5, 1877, 6 P.M.*

PORTE'S decision may be communicated to bondholders unofficially; but it will be (better?) to omit word "European" when speaking of competence of tribunal to decide between ordinary and the privilged classes, as the statement of Minister of Finance this morning differed on that point from that of the Minister of the Interior last week.

Porte seems to expect that the tribunal will be a Court of Arbitration here.

No. 166.

Lord Tenterden to Lieutenant-Colonel le Champion.

Sir, *Foreign Office, March 7, 1877.*

WITH reference to my letter of the 26th ultimo, I am directed by the Earl of Derby to inform you that a telegram has been received from Her Majesty's Chargé d'Affaires at Constantinople stating that he has ascertained unofficially that the Porte is not prepared at present to propose any immediate arrangement in favour of the bondholders of the 1854 Loan. The Turkish Government will, however, invite a body of Delegates appointed by the bondholders of all the Loans to meet at Constantinople to state their views and make proposals to be submitted to the Parliament.

In the event of no satisfactory arrangement to all parties being arrived at, the Porte will engage to abide by the decision of a competent tribunal as regards the Tribute Loans, but is not disposed to incur the responsiblity of making a large preferential arrangement with these bondholders unless protected by a judicial decision.

The Porte considers that as the Loan of 1855 is formally guaranteed by England and France it cannot be affected by any financial measure whatever, and all engagements with regard to it must stand.

I am, &c.
(Signed) TENTERDEN.

No. 167.

Lieutenant-Colonel le Champion to Mr. Villiers.—(Received March 9.)

Dear Sir, 28, *Catheart Road, South Kensington, March 5, 1877.*

CAN you kindly state if the Porte has replied respecting the scheme submitted to Midhat Pasha for settling the 1854 and 1855 Loans?

Out of the dividend (shortly due) a large sum must be set aside previously or it would again fail.

Yours very truly,
(Signed) H. LE CHAMPION, *Member of the Council.*

Messrs. Palmer have to arrange for the sums to be deducted from us beforehand, and all we wish to know is if the Porte is favourable to continue the negotiation as a basis.

If a reply is received at any time perhaps you will kindly let me know.
The scheme itself has to go before the Turkish Parliament, I believe.

H. LE C

No. 168.

Mr. Jocelyn to the Earl of Derby.—(Received March 12.)

(No. 164.)
My Lord, *Constantinople, March 2, 1877.*

I HAVE the honour to inclose herewith a copy of the joint representations which was made by me, in company with my French colleague, to the Porte on the 19th ultimo, with regard to the position of the bondholders of the Turkish Loans of 1854 and 1855.

M. de Mouy's note was conceived in similar language, but mention of the Porte's relation to the Bank of England as its Agent was omitted.

I have, &c.
(Signed) NASSAU JOCELYN.

Inclosure in No. 168.

Mr. Jocelyn to Safvet Pasha.

Sir, *Constantinople, February 17, 1877.*

I HAVE been directed by the Earl of Derby, Her Majesty's Principal Secretary of State for Foreign Affairs, to call the special attention of the Sublime Porte to the position in which the Guaranteeing Powers of the Loan of 1855 stand with reference to the bondholders of the Loan of 1854, and also to the delays which have arisen in the payment of the coupons of the Loan of 1855.

With reference to the Loan of 1854, the Ottoman Government will appreciate the motives which excite the particular interest of Her Majesty's Government in favour of the bondholders. It will be recollected that it was in consequence of declarations made at that time that the Governments of Great Britain and France, who were engaged in carrying on war in support of Turkey, that the bondholders were induced to subscribe the Loan. It is not, unnatural, therefore, that Her Majesty's Government, while reserving to themselves the right of supporting hereafter the claims of the creditors of the Porte interested in the Loans made subsequently to the two in question, should be especially anxious to see justice done to the bondholders of 1854.

I have consequently the honour to urge upon your Excellency the necessity of at once coming to some agreement with the bondholders of that Loan, and to state at the same time that Her Majesty's Government are willing to grant their good offices to facilitate the conclusion of a satisfactory arrangement with them.

With regard to the Loan of 1855, I am instructed to draw the attention of your Excellency to the inconvenience which arises from time to time in consequence of the inability of the Porte to provide sufficient funds to meet the coupons of that Loan, on which occasions the Governments of England and France have been called upon to advance the sums necessary for the purpose.

I am to point out what the obligations of the Guaranteeing Powers are to the creditors under the Loan; that it is, therefore, useless for the Turkish Government to plead that it has provided funds unless these are actually receivable by the bondholders, and that Her Majesty's Government can take no account of the disagreement between the Turkish Government and its Agents, the Bank of England, in the matter.

Her Majesty's Government believe that it would be easy to avoid the discredit which the Porte incurs by its present mode of proceeding, and would impress upon it the urgent necessity of making arrangements to that effect.

In bringing this subject before your Excellency, I would request to be informed, as early as suits your Excellency's convenience, what steps the Sublime Porte intends to pursue with regard to it, and I avail, &c.

(Signed) NASSAU JOCELYN.

No. 169.

Lieutenant-Colonel le Champion to Lord Tenterden.—(Received March 12.)

My Lord, 28, *Cathcart Road, South Kensington, March* 10, 1877.

WITH reference to your Lordship's letter of the 7th instant, stating "that in the event of no satisfactory arrangement to all parties being arrived at the Porte will agree to abide by the decision of a competent Tribunal as regards the (Egyptian) tribute Loans," I have the honour to submit the inclosed communications from the Right Honourable E. P. Bouverie, Chairman of the Council of Foreign Bondholders; and from E. H. Palmer, Esq., Deputy Governor, Bank of England, as Agent to the Loans, and representing the tribute bondholders.

There being little or no probability of agreement between the tribute bondholders and the other creditors of the Porte, and in view of the necessity for an immediate basis of agreement prior to the meeting of the Turkish Parliament, I am desired to state that the bondholders would feel very grateful if Her Majesty's Government would so far aid them as to ascertain by telegraph if the Porte will definitely intimate its consent to accept the English Supreme Court of Judicature (Chancery Division) as a "competent Tribunal" to decide upon the claims of the tribute bondholders and afford the Porte the protection it desires against the claims of its other creditors.

Owing to the constant changes of Ministry at Constantinople, all private attempts at arrangement appear to be impracticable, and I venture, therefore, to hope that your Lordship will recommend this application for the favourable consideration of the Right Honourable the Earl of Derby. On the reply of the Porte being communicated to me, it will be at once submitted to the representatives of the bondholders with a view to obtaining a legal decision in accordance with the suggestion of the Turkish Ministry.

I have the honour to express to your Lordship the thanks of the bondholders for the assistance afforded them.

I have, &c.
(Signed) H. M. LE CHAMPION, *Lieutenant-Colonel, Member of the Council.*

Inclosure 1 in No. 169.

Mr. Bouverie to Lieutenant-Colonel le Champion.

Council of Foreign Bondholders, 17, Moorgate Street, London, March 10, 1877.

Dear Sir,

I INCLOSE you a note I have received from Mr. E. Palmer with reference to the tribute Loans, and at the same time wish to express my concurrence in the view he presents of the extreme desirableness of obtaining a legal decision by the Chancery Division of the Supreme Court of Judicature as to the rights of the bondholders.

This could be got if the Turkish Government would consent to submit to the jurisdiction of the Court, and to abide by its decision; and I conceive that they would not be unwilling to take a course which would relieve them from responsibility to the bondholders of other loans and would ascertain their rights and duties as regards the tribute Loans.

I am, &c.
(Signed) E. P. BOUVERIE.

Inclosure 2 in No. 169.

Mr. Palmer to Mr. Bouverie.

Bank of England, March 10, 1877.

Dear Mr. Bouverie,

COLONEL LE CHAMPION has shown me a letter from the Foreign Office, dated the 7th instant, in which it is stated that "if no satisfactory arrangement can be arrived at in any other way in reference to the rights of the tribute bondholders, the Turkish Government will agree to abide by the decision of a competent Tribunal." I am disposed

to despair of any other way of settling this vexed question, and am quite prepared to co-operate with you on behalf of the bondholders to bring this about.

Believe me, &c.
(Signed) EDW. H. PALMER.

No. 170.

Mr. Stewart to Mr. Villiers.—(Received March 12.)

My dear Villiers, *St. Stephen's Chambers, Westminster, March* 12, 1877.

I HAVE heard incidentally that the Foreign Office have received a communication from the Chargé d'Affaires at Constantinople relative to the Egyptian Tribute Loans. Would you mind asking Lord Tenterden to let me have a copy of what it was? There is a meeting of the Council of the Egyptian Tribute League to-morrow, of which I am Chairman, and I should be glad to be able to tell them exactly what the state of matters is.

We propose at that meeting to place the affairs of the tribute loans in the hands of Mr. Bouverie and the Corporation of Foreign Bondholders, who have agreed to carry on the negotiations.

Yours, &c.
(Signed) RANDOLPH STEWART.

P.S.—I have heard nothing from the Foreign Office since last Thursday morning, when I got Lord Tenterden's letter, saying that they had not had any reply from Constantinople.

R. S.

No. 171.

Mr. Stewart to Mr. Villiers.—(Received March 12.)

Dear Villiers, *St. Stephen's Chambers, Westminster, March* 12, 1877.

IT was on account of the letter to Colonel Champion, of which I had heard, that I wrote to you. I had not heard of it when I saw the Chancellor of the Exchequer on the 8th, and it was for that very reason that I was anxious to have a copy of it, in order that I might reply to the very numerous bondholders who write to me about these loans.

Colonel Champion has no authority on his own account to write to you or to receive a reply, which he appears to have done. I have been Chairman of the Council for a good many months, and have been deputed by them to act on their behalf, both here and at Constantinople, and Colonel Champion's interference at the eleventh hour—for it is the eleventh hour, as we mean to have justice—is uncalled for.

I should take it as a great favour if you would let me have a copy of the information you sent him, that I may hand it over to Mr. Bouverie to-morrow.

Yours, &c.
(Signed) RANDOLPH STEWART.

No. 172.

Mr. Villiers to Mr. Stewart.

Dear Stewart, *Foreign Office, March* 12, 1877.

WE have had nothing further to communicate to you since our letter of the 5th instant.

I presume you have seen the letter from this Office to Colonel Champion which we sent on the 7th.

As the questions asked by Colonel Champion and yourself are so intimately connected, may I suggest that it would facilitate business if one or other wrote as representing the bondholders.

Yours, &c.
(Signed) F. H. VILLIERS.

No. 173.

Lord Tenterden to Mr. Stewart.

Sir, *Foreign Office, March* 12, 1877.

WITH reference to my letter of the 5th instant, I am directed by the Earl of Derby to inform you that a telegram has been received from Her Majesty's Chargé d'Affaires at Constantinople stating that he has ascertained unofficially that the Porte is not prepared at present to propose any immediate arrangement in favour of the bondholders of the 1854 Loan. The Turkish Government will, however, invite a body of Delegates appointed by the bondholders of all the loans to meet at Constantinople and make proposals to be submitted to the Parliament.

In the event of no satisfactory arrangement to all parties being arrived at, the Porte will engage to abide by the decision of a competent Tribunal as regards the Tribute Loans, but it is not disposed to incur the responsibility of making a large preferential arrangement with these bondholders unless protected by a judicial decision.

The Porte considers that as the Loan of 1855 is formally guaranteed by England and France, it cannot be affected by any financial measure whatever, and all engagements with regard to it must stand.

I am, &c.
(Signed) TENTERDEN.

No. 174.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, March* 12, 1877.

I HAVE laid before the Earl of Derby your letter of the 3rd instant, stating that, in so far as the question may be regarded from a financial point of view, the Lords Commissioners of Her Majesty's Treasury cannot recommend Her Majesty's Government to take the responsibility of nominating anyone for the duty of assisting in the reorganization of the Turkish Ministry of Finance; and I am to request that you will inform their Lordships that Lord Derby entirely agrees with them that Her Majesty's Government should not undertake the responsibility of such a nomination.

At the same time, it appears to his Lordship that, considering the magnitude of the British commercial interests involved, Her Majesty's Government should not altogether decline the request of the Turkish Government, and that the same unofficial assistance might well be extended to the Porte which was rendered, in compliance with a similar application, to His Highness the Khedive.

His Lordship has accordingly caused the inclosed draft to Musurus Pasha to be prepared, and will be glad to be informed, at their Lordships' earliest convenience, whether it meets with their concurrence.

I am, &c.
(Signed) TENTERDEN.

No. 175.

Lieutenant-Colonel le Champion to Mr. Villiers.—(Received March 13,)

Dear Sir, 28, *Cathcart Road, South Kensington, March* 10, 1877.

LORD TENTERDEN's letter of the 7th instant has been submitted by me to Messrs. Bouverie and Palmer, and they consider the suggestion by the Porte that the questions at issue be submitted to a competent Tribunal to be a most valuable one.

Our fear is that the Porte may again change its mind, but hope is, that if it once forwards, through our Chargé d'Affaires, its assent to abide by the decision of our Courts, it cannot back out of it hereafter.

We are most anxious to obtain this assent prior to the meeting of the Turkish Parliament. If agreed to, there will, I hope, be no further necessity for troubling the Foreign Office, to whom we are under great obligation already.

May I hope that, if a reply be received from the Porte, it may be forwarded to me for immediate submission to the representatives of the loans.

I am, &c.
(Signed) H. M. LE CHAMPION.

No. 176.

The Earl of Derby to Lord Lyons.

(No. 156.)
My Lord, *Foreign Office, March* 15, 1877.

IN my despatch to your Excellency No. 129 of the 1st instant, I inclosed a copy of a telegram from Mr. Jocelyn of the same date, referring to a plan proposed by the Porte for a meeting at Constantinople of delegates of the holders of the various Turkish loans, with a view to arriving at some arrangement; and stating that, failing any satisfactory result, the Porte engages to abide by the judgment of a competent Tribunal as regards the Tribute Loans, but without committing itself to any preferential arrangement as regards the holders of the 1854 Loan, unless covered by a judicial decision.

I inclose a copy of a further telegram from Mr. Jocelyn, authorizing the unofficial communication to the bondholders of the scheme in question, and of a correspondence which I have had with Mr. Stewart and Colonel le Champion on this subject.*

Her Majesty's Government would be glad to learn the view which the French Government take of this matter, and also what is the opinion of the French Government with regard to the plan of settlement proposed by the English Committee of the 1854 bondholders, with which they are doubtless acquainted, and to which Mr. Stewart and Colonel Champion refer in their letters.

I am, &c.
(Signed) DERBY.

No. 177.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, March* 16, 1877.

WITH reference to my letter of the 7th instant, I am directed by the Earl of Derby to transmit to you the accompanying copies of a despatch and its inclosure from Her Majesty's Chargé d'Affaires at Constantinople,† respecting the joint representation which was made by him and his French colleague on the 19th ultimo, with regard to the position of the bondholders of the Turkish Loans of 1854 and 1855.

I am to request that you will lay these papers before the Lords Commissioners of Her Majesty's Treasury, and state that, with their Lordships' concurrence, Lord Derby proposes to approve Mr. Jocelyn's note to Safvet Pasha.

I am, &c.
(Signed) TENTERDEN.

No. 178.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received March 17.)

My Lord, *Treasury Chambers, March* 16, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you will inform the Earl of Derby that they have had under consideration the draft (inclosed in your Lordship's letter of the 12th instant) of the despatch which it is proposed to address to the Turkish Ambassador at this Court, intimating to his Excellency that Her Majesty's Government do not feel themselves able to assume the responsibility of nominating any person for the duty of assisting in the reorganization of the Turkish Ministry of Finance, as suggested by the Porte, but that they will be happy to render such unofficial assistance as it may be in their power to give in the way of obtaining introductions to those members of Her Majesty's service who would be best able to advise his Excellency in making his own selection, it being understood that the British Government are in no way responsible, directly or indirectly, for the choice eventually made.

* Nos. 165, 160, 164, and 166. † No. 166.

My Lords request that you will signify to the Secretary of State their concurrence in the terms of this despatch.

I am, &c.
(Signed) W. H. SMITH.

No. 179.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, March* 19, 1877.

HER Majesty's Government have had under their consideration the application which the Porte has addressed to Her Majesty's Government, that they should select a competent person to proceed to Constantinople for a fixed period to assist in the reorganization of the Turkish Ministry of Finance, and I have now the honour to request your Excellency to express to your Government the regret of Her Majesty's Government that they cannot undertake the responsibility of such a nomination.

At the same time, I shall be happy to render your Excellency such unofficial assistance as may be in my power, should your Excellency desire to avail yourself of it, by giving to your Excellency, or to anyone you may be pleased to name for the purpose, introductions to those members of Her Majesty's service who would be best able to advise your Excellency in making your own selection, it being understood that Her Majesty's Government are in no way responsible, directly or indirectly, for the choice which may be eventually arrived at.

I am, &c.
(Signed) DERBY.

No. 180.

Mr. Franklin to the Earl of Derby.—(Received March 20.)

My Lord, *London Institution, Finsbury Circus, March* 19, 1877.

I HAVE for some time, and for obvious reasons, forborne from pressing upon the Foreign Office the special claims of the bondholders of the Anglo-Turkish Loan of 1862 to the interposition of Her Majesty's Government. The activity now again manifested by unsecured creditors of Turkey leaves no excuse for continued reserve.

Recalling the facts that the 1862 Loan was raised by the extraordinary encouragement of the Government of the day, and that so soon as it was discovered that essential conditions of the contract for the loan were being evaded, Her Majesty's Government recognized, at my instance, the claims upon its official interposition. We complain that when the financial needs of Turkey became urgent, that interposition became perfunctory, for reasons virtually avowed by Earl Russell very recently.

We complain, moreover, that your Lordship's Department, by refusal to lay before Parliament, at the right moment, the correspondence in which the bad faith of the Turkish Government was exposed, afforded opportunities to that Government for raising enormous sums, for the repayment of which revenues already hypothecated to us have been continuously misappropriated.

Your Lordship is prayed for an assurance that any action, influence, or advice, which may be legitimately exercised by Her Majesty's Government in respect of the finances of Turkey, will be so exercised with due consideration for the claims of the 1862 bondholders so far as those claims have established their title to recognition on this protracted correspondence.

I have, &c.
(Signed) J. A. FRANKLIN.

No. 181.

Lord Lyons to the Earl of Derby.—(Received March 21.)

(No. 214.)
My Lord, *Paris, March* 19, 1877.

THIS morning, in execution of the instruction contained in your Lordship's despatch No. 156 of the 15th instant, I asked the Duc Decazes what view the French Government took of the recent proposals of the Porte respecting the Ottoman Loans, and what was their opinion respecting the plan of settlement proposed by the English Committee of the 1854 bondholders.

The Duke said that he was not at the moment prepared to give an opinion on either point; that he had not, indeed, yet seen the plan of the English Committee, but that he would make himself acquainted with it.

Speaking generally, he would say that he was more disposed than Her Majesty's Government seemed to be to interfere actively with the Porte in favour of the French and English bondholders.

I have, &c.
(Signed) LYONS.

No. 182.

Lord Tenterden to Lieutenant-Colonel le Champion.

Sir, *Foreign Office, March* 21, 1877.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 10th instant, in which, referring to my letter of the 7th instant, you request Her Majesty's Government to ascertain by telegraph whether the Porte will consent to accept the English Supreme Court of Judicature as a competent Tribunal to decide upon the claims of the tribute bondholders; and I am to inform you in reply that it appears from Mr. Jocelyn's telegram of the 5th instant that the Porte expects that the Tribunal to which the claims of the bondholders are to be referred will be a Court of Arbitration at Constantinople.

I am further to state that Lord Derby has received communications from Mr. Randolph Stewart on this subject, and I am to inquire whether it is to be understood that both Mr. Stewart and yourself write on behalf and by authority of the bondholders.

His Lordship would suggest, with the view of facilitating business, that some one person should be recognized as the Representative with whom he should correspond on these matters.

I am, &c.
(Signed) TENTERDEN.

No. 183.

Lord Tenterden to Mr. R. Stuart.

Sir, *Foreign Office, March* 21, 1877.

WITH reference to my letter of the 12th instant, I am directed by the Earl of Derby to acquaint you that he has received a letter from Colonel le Champion requesting Her Majesty's Government to ascertain by telegraph whether the Porte will consent to accept the English Supreme Court of Judicature as a competent Tribunal to decide upon the claims of the tribute bondholders, and that Colonel le Champion has been informed in reply that it appears from Mr. Jocelyn's telegram of the 5th instant that the Porte expects that the Tribunal to which the claims of the bondholders are to be referred will be a Court of Arbitration at Constantinople.

I am at the same time to inquire whether it is to be understood that both Colonel le Champion and yourself write on behalf and by authority of the bondholders.

Lord Derby would suggest, with the view of facilitating business, that some one person should be recognized as the Representative with whom his Lordship should correspond on these matters

I am, &c
(Signed) TENTERDEN.

No. 184.

The Earl of Derby to Mr. Jocelyn.

(Telegraphic.) *Foreign Office, March* 24, 1877, 6 P.M.

WHEN may the answer of the Porte be expected to the joint note, copy of which was inclosed in your No. 164 of March 2nd?

No. 185.

Lord Tenterden to Mr. Franklin.

Foreign Office, March 26, 1877.

Sir,

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 19th instant, respecting the claims of the bondholders of the Turkish Loan of 1862.

I am, &c.

(Signed) TENTERDEN.

No. 186.

Lord Lyons to the Earl of Derby.—(Received March 28.)

(No. 239.)

Paris, March 27, 1877.

My Lord,

WITH reference to my despatch No. 214 of the 19th instant, I have the honour to report to your Lordship that, on the 24th instant, I spoke to the Duc Decazes again about the Ottoman loans, and afterwards sent to him a Memorandum giving the substance of your Lordship's despatch No. 156 of the 15th instant.

I asked him yesterday whether he was able to tell me what view the French Government took of the recent proposals of the Porte, and of the scheme for a settlement put forward by the English Committee of the 1854 bondholders.

The Duke answered that he found the subject a very embarrassing one. The English and French Governments had formally guaranteed the 1855 Loan. They had used language amounting to a moral guarantee of the 1854 Loan. But were they therefore justified in insisting upon the Porte's giving a preference to these two Loans while they did nothing in favour of the much greater number of their countrymen who were holders of the unguaranteed loans? Was not this something like covering their own liabilities, formal or moral, at the expense of others?

These were questions which, in his opinion, deserved serious consideration.

I observed to the Duke that the proposals of the Porte respecting which I asked his opinion were for a meeting of delegates of holders of all the loans.

I have, &c.

(Signed) LYONS.

No. 187.

Mr. Law to Lord Tenterden.—(Received March 28.)

Treasury Chambers, March 27, 1877.

My Lord,

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 16th instant, and its accompanying inclosure, being a copy of the joint representation which has been made to the Sublime Porte by Her Majesty's Chargé d'Affaires at Constantinople and his French colleague, with reference to the position of the bondholders of the Turkish Loans of 1854 and 1855.

I am to request that you will state to the Earl of Derby that my Lords concur in the terms of the note which Mr. Jocelyn has addressed to the Turkish Government.

I am, &c.

(Signed) WILLIAM LAW.

No. 188.

Mr. R. Stuart to the Earl of Derby.—(Received March 29.)

St. Stephen's Chambers, Westminster Bridge, March 28, 1877.

My Lord,

WITH reference to that part of your Lordship's letter of the 21st instant which mentioned the inconvenience arising from the Foreign Office receiving letters on the subject of the Tribute Loans both from myself and Colonel Champion, I have the honour to inform you that that gentleman's communications were made entirely spontaneously and without reference to the Committee (who have been acting on behalf of the bondholders), of which I am Chairman. He has promised me, however, that he will refrain in future from doing so.

I have, &c.

(Signed) RANDOLPH STEWART,

Chairman of the Egyptian Tribute Bondholders' League.

No. 189.

Mr. R. Stewart to the Earl of Derby.—(Received March 29.)

St. Stephen's Chambers, Westminster Bridge, March 28, 1877.

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's letter of the 21st instant. With reference to a remark in it that it appears from Mr. Jocelyn's telegram of the 5th instant "that the Porte expects that the Tribunal to which the claims of the bondholders are to be referred will be a Court of Arbitration at Constantinople," I would respectfully urge upon Her Majesty's Government to offer the most strenuous opposition to such a proposal as one to which I feel sure that the bondholders would never willingly consent.

The 1854 Loan was promoted by the English and French Governments in order to help the ally of this country, and the bondholders naturally feel that they are entitled to that protection from the Government which they were promised when they subscribed their money; and the 1871 Loan was raised upon a special guarantee at 20 per cent. above the then price of Turkish securities, because it had the irrevocable engagement of the Sultan and the Khedive that the tribute should be remitted direct to this country. It would, therefore, be manifestly absurd for the holders of the stock of either of these Loans to abandon their strong position and put themselves at the mercy of arbitrators in whose sense of honour and justice they would feel little or no confidence; but I would most respectfully request Her Majesty's Government to urge upon the Porte to refer the whole case to the arbitration of what is universally considered to be the highest and purest Court of Justice in the world—the English High Court of Chancery, or to arbitrators appointed by them; and I think your Lordship will agree with me that, if the Turkish Government decline this proposition, it will be evident that they are not sincere in wishing the matter to be settled on the principles of equity and justice.

I think I can confidently appeal to your Lordship and Her Majesty's Government that, in any case affecting the interests of the 1855 Loan, of which this country is one of the guarantors, you would not object to refer to such arbitrament as I have suggested, whereas you would feel it your duty to object to its being settled by a Turkish Tribunal.

I think it is not inopportune here to notice a few points which have, I imagine, escaped the notice of Her Majesty's Government, who are naturally much occupied with other affairs, with respect to this 1855 Loan and its position as compared with the other Turkish Loans.

The Loan of 1854 is secured upon the general revenues of the Turkish Empire, and specially on the tribute of Egypt, and it is the first Loan of the Ottoman Empire.

The Loan of 1855 is likewise secured on the general revenue of the Turkish Empire, on the residue of the Egyptian tribute after paying the first Loan, as also upon the Customs of Smyrna and Syria.

The Loan of 1871 is secured on the general revenue of Turkey, and on the increased tribute of Egypt.

The other Turkish Loans are similarly secured on the general revenues of the Empire, besides which they have special hypothecations.

Of all these hypothecations, however, the only real securities are those in which, in a

legal sense, the assignment is complete. The others are mere promises to pay, and the only loans in which the assignment is complete are those to which the Egyptian tribute is pledged, and that by reason of its having been arranged to be paid by a third party to the Bank of England on their behalf.

The assignment, on the contrary, of the Customs of Smyrna and Syria, as secured for the 1855 Loan, has never been completed, and these Customs having since the contraction of the Loan been paid into the General Treasury at Constantinople, Her Majesty's Government never knew whether or not the money they received on account of it came from the sources which were hypothecated to it. Consequently, when Turkey declared herself bankrupt, her only secured creditors were those the assignment of whose securities had been completed, viz., those for whose benefit a third party paid the Egyptian tribute into the Bank of England. The rest must by a Court of Law be treated on the same footing. But what has the Turkish Government done? They have arrogated to themselves the right of paying or not as they choose. They have paid only half the interest due to the 1854 and 1871 Loans, their only secured creditor, whilst they have paid the full interest on the 1855 Loan, and given nothing to the rest of their creditors.

I would respectfully ask Her Majesty's Government to take the opinion of the Law Officers of the Crown as to whether in thus accepting the full interest on the 1855 Loan they have not received an undue preference at the expense of the other bondholders?

If, however, the propositions which I had the honour to submit to the Porte, with the knowledge of Her Majesty's Government, and which were accepted by Midhat Pasha and the Sultan himself, and declared to be just and equitable by every one of any financial authority, and by which all three Loans, the 1854, 1855, and 1871, were to be paid for the future out of the tribute, were again to be urged upon the acceptance of the Porte and accepted by them, Her Majesty's Government would undeniably be relieved from a situation of peculiar embarrassment, as the arrangements in question would be a relief to all concerned.

The bondholders of the 1854 and 1871 Loans are still willing to proffer the same terms; but I would remind your Lordship that another coupon is due on these Loans on the 10th April, and that the longer a settlement is delayed the more the bondholders will be unwilling to compromise, and will determine to stand on their strict legal rights; whereas the terms they have offered would undoubtedly be considered a fair arrangement for them, and at the same time a relief to the Chancellor of the Exchequer, Her Majesty's Government, and the tax-payers of this country; and, if agreed to before the April coupons are detached, a material gain to the Treasury of Turkey.

I have, &c.

(Signed) RANDOLPH STEWART,
Chairman of the Egyptian Tribute League.

No. 190.

The Earl of Derby to Mr. Jocelyn.

(No. 211.)

Foreign Office, March 29, 1877.

Sir,

I COMMUNICATED to the Lords Commissioners of Her Majesty's Treasury a copy of your despatch No. 164 of the 2nd instant, and I have now to express to you my approval of the note addressed by you, in conjunction with your French colleague, to the Turkish Government with reference to the position of the bondholders of the Turkish Loans of 1854 and 1855, copy of which was inclosed in your despatch above-mentioned.

I am, &c.

(Signed) DERBY

No. 191.

The Earl of Derby to Mr. Jocelyn.

(Telegraphic.) *Foreign Office, April 20, 1877, 2 P.M.*

WITH reference to my telegram of the 24th ultimo, let me know at once when the Porte's answer to note respecting Ottoman Loans may be expected.

No. 192.

Mr. Layard to the Earl of Derby.—(Received April 22.)

(Telegraphic.) *Pera, April 22, 1877, 8 A.M.*

WITH reference to your telegram to Mr. Jocelyn of the 20th instant, the Porte's reply to note respecting Ottoman Loans will be communicated to the Embassy on Tuesday next.

No. 193.

Mr. Layard to the Earl of Derby.—(Received May 1.)

(Telegraphic.) *Pera, May 1, 1877, 7·15 P.M.*

TURKISH Government has requested Mr. Foster to submit the following to Her Majesty's Government:—

The interest and sinking fund of the Turkish 1855 Loan, guaranteed by England and France, amounts to 250,000*l.* sterling, of which 72,000*l.* is paid by the balance of Egyptian Tribute, and the rest out of produce of certain tithes and Customs duties.

Would English and French Governments consent that the whole of the 250,000*l.* shall be charged upon tithes and Custom duties, thus freeing the 72,000*l.* of the Egyptian Tribute for the purpose of being applied as a partial guarantee for a loan Government desires to raise.

Secondly, would English Government enter into an arrangement with the Turkish and Egyptian Governments by which direct transmission of the Egyptian Tribute to the Bank of England would be secured in such a manner as to be entirely free from interference on the part of the Turkish Government, until all the Loans guaranteed by the Tribute are completely repaid.

No. 194.

Lord Tenterden to Mr. W. H. Smith, M.P.

Foreign Office, May 1, 1877.

Sir,

I AM directed by the Earl of Derby to transmit to you herewith the accompanying decypher of a telegram from Her Majesty's Ambassador at Constantinople,* submitting to Her Majesty's Government, on behalf of the Turkish Government, certain financial proposals with reference to the 1855 Loan, and the direct transmission to the Bank of England of the Egyptian Tribute, and I am to request that you will move their Lordships to favour Lord Derby with their opinion on the above proposal at their earliest convenience.

I am, &c.

(Signed) TENTERDEN.

No. 195.

Mr. Layard to the Earl of Derby.—(Received May 8.)

(No. 365.)

Constantinople, April 29, 1877.

My Lord,

WITH reference to your Lordship's telegram to Mr. Jocelyn of the 20th instant, I have the honour to inclose herewith a copy of the reply given by the Porte to the joint representation which was made on the 17th February last by the Chargés d'Affaires of Great Britain and France to the Turkish Minister for Foreign Affairs on the subject of the Ottoman Loans of 1854 and 1855.

After stating that the failure of the Government to meet its engagements on the external and internal loans is entirely owing to the present exceptional condition of the Empire, and to the difficulties with which it has to contend, the Minister for Foreign Affairs adds that it would be manifestly impossible for him, under present circumstances, to arrive at any definite decision with regard to the future position of the bondholders of the 1854 Loan.

* No. 193.

This he places in the same category with that of 1871, the half coupon and sinking fund of both loans having been duly paid from the tribute received by the Bank of England, and he concludes by repeating the assurances already given that the interest on the 1855 Loan shall be regularly paid.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 195.

Safvet Pasha to Mr. Layard.

M. l'Ambassadeur, *Sublime Porte, le 25 Avril*, 1877.

J'AI reçu et communiqué en son temps au Ministère des Finances la note que l'Ambassade de Sa Majesté Britannique a bien voulu m'adresser le 17 Février relativement à la situation des porteurs de titres de l'Emprunt de 1854, et au service des coupons de l'Emprunt de 1855.

Dans sa réponse son Excellence Youssouf Pacha tient à constater, tout d'abord, que la suspension du service des emprunts tant intérieurs qu'extérieurs de l'Empire est uniquement due aux difficultés contre lesquelles le Trésor Impérial a eu à lutter depuis le commencement de la crise actuelle, qui continue à mettre obstacle à la solution de ces importantes questions. Les arrangements concernant l'Emprunt de 1854 devant être pris lors du règlement général de la dette publique, le Gouvernement Impérial ne saurait, quant à présent, s'arrêter à aucune détermination à son égard. En attendant et au même titre que pour l'Emprunt de 1871, le Gouvernement Impérial a autorisé le paiement de la moitié des intérêts et de l'amortissement de l'Emprunt de 1854 sur les fonds provenant du Tribut d'Egypte, et versés à la Banque d'Angleterre, sans que ce service puisse en aucune façon préjuger les questions qui se rattachent à ces deux emprunts.

Quant à l'Emprunt de 1855, garanti par l'Angleterre et la France, vous savez, M. l'Ambassadeur, qu'il fait exception à la mesure générale, et que le service en est régulièrement effectué par le Trésor comme par le passé.

En portant ce qui précède à la connaissance de votre Excellence, je suis convaincu qu'elle voudra bien connaître que dans les circonstances présentes le Gouvernement Impérial ne saurait donner une plus ample satisfaction au désir exprimé dans la note à laquelle j'ai l'honneur de répondre.

Veuillez, &c.
(Signé) SAFVET.

No. 196.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received May 16.)

My Lord, *Treasury Chambers, May 10*, 1877.

I HAVE received, and laid before the Lords Commissioners of Her Majesty's Treasury, your letter of the 1st instant, sending the decypher of a telegram from Her Majesty's Ambassador at Constantinople submitting to Her Majesty's Government proposals of the Turkish Government relative to the Guaranteed Loan of 1855, and to the transmission of the Turkish tribute to the Bank of England.

1. The Turkish Government ask that the whole of the interest and sinking fund of the loan guaranteed by the Governments of England and France in 1855, now paid in part out of the Egyptian tribute, may be altogether charged upon tithes and Customs' duties, thus freeing a portion of the Egyptian tribute, which would become available as a security for a new loan.

In reply to this application, I am to request you to inform the Secretary of State that, in the opinion of my Lords, Her Majesty's Government cannot accept any change of the arrangements under which provision is made for the interest and sinking fund of the Guaranteed Loan of 1855, except in concert with the French Government.

But I am to add that my Lords, as far as they are concerned, do not look favourably on the proposal of the Turkish Government. Measures have been suggested which would enable the Porte to meet the charges of the Guaranteed Loan, and also to satisfy the bondholders of 1854 by means of the Egyptian tribute alone. That tribute is remitted with business-like regularity to the Bank of England, and affords a security not to be found in any other branch of Turkish revenue. The Secretary of State will recollect the delays that have been and are permitted to occur in providing the balance of the Guaranteed Loan paid out of the general revenue of the Turkish Empire, and the difficult and irritating questions to which those delays have given rise, and my Lords are sure that Lord Derby will agree with them that good understanding between the Porte and the Guaranteeing Governments will not be promoted by the substitution of other revenues for the Egyptian tribute as the security of the Guaranteeing Governments.

2. The Turkish Government ask if the English Government would enter into an arrangement with the Turkish and Egyptian Governments by which direct transmission of the Egyptian tribute to the Bank of England would be secured in such a manner as to be entirely free from interference on the part of the Turkish Government, until all the loans guaranteed by the tribute are completely repaid.

Upon this point I am to say that my Lords are ready to consider favourably any arrangement calculated to assist the Turkish Government in meeting its engagements, but that it would be necessary for them to know more precisely the nature of that which is now proposed before they could advise Her Majesty's Government to become a party thereto. It would be necessary further to consider whether the Government of France, as well as that of England, must not be a party to the negotiations.

So far, my Lords have endeavoured to return a specific answer to the telegram submitted to them, but they would ask the Secretary of State whether any answer can be returned which does not refer to the larger question brought to the notice of the Porte jointly by the Governments of England and France.

On the 26th October last my Lords asked the Secretary of State to ascertain whether the French Government would join with the Government of Her Majesty in a representation to the Porte on behalf of the bondholders of 1854. On the 20th December the Duc Decazes notified to Lord Lyons the readiness of the French Government to join in such a representation.

On the 30th January the Secretary of State instructed Her Majesty's Chargé d'Affaires to concert with his French colleague, and to address a joint representation to the Porte, embodying the views of Her Majesty's Government. Mr. Jocelyn was to impress upon the Porte the necessity of at once coming to some agreement with the bondholders of the Loan of 1854, and to state that Her Majesty's Government were willing to grant their good offices to facilitate the conclusion of some satisfactory agreement, and on the 17th February Mr. Jocelyn telegraphed that he and his French colleague had that day made their joint representation; since that time my Lords have received no communication on the subject. Her Majesty's Government have undoubtedly been unwilling to press the Porte unduly at a time of great difficulty, but the telegram which you forward proves that the Turkish Government have had the subject under consideration, and it appears to my Lords, therefore, that advantage might properly be

taken of the return of Her Majesty's Ambassador to Constantinople in order to make a further representation to the Porte on behalf of the bondholders of 1854.

It might be stated that Her Majesty's Government feel great difficulty in replying to any question which may be addressed to them on the subject until they know whether the Turkish Government is inclined to entertain favourably the joint representation which has been addressed to them by the Guaranteeing Governments; and that they lay much stress upon this point because they believe that proposals have been laid before the Turkish Government which would satisfy the bondholders of 1854, and would at the same time obviate the inconvenience now arising from the method in which provision is made for paying the interest and sinking fund of the Guaranteed Loan of 1855.

The acceptance of such a proposal would satisfy the requirements of the two Governments, and relieve the Porte from embarrassing questions which must cause needless irritation and anxiety as long as they remain unsettled, and at the same time would cause an actual saving of money, inasmuch as the Egyptian Tribute would suffice for all demands to be made on account of the three loans, whereas at present not only are the bondholders of 1854 (to say nothing of those of 1871) profoundly dissatisfied, but, over and above the amount of the tribute, the Turkish Government has half-yearly to provide a certain sum, out of the general revenue, to meet the interest of the Guaranteed Loan. This issue is only made after representations from the Guaranteeing Powers, which do not tend to improve the relations between them and the Porte; and the sinking fund of the Loan of 1855 is not provided at all. My Lords can hardly imagine a more unsatisfactory state of affairs, and they trust the Secretary of State will be able, in concert with the French Government, to show to the Porte that its own interest alone, apart from any other considerations, counsels a speedy settlement of the question.

I am, &c.
(Signed) W. H. SMITH.

No. 197.

Mr. Vivian to the Earl of Derby.—(Received May 21.)

(No. 130. Political.)

My Lord, *Cairo, May 12, 1877.*

MR. McEWEN, who is interested in the so-called Tribute Loans, namely the loans made to Turkey in 1854, 1855 and 1871 upon the security of the Egyptian tribute, has urged me very strongly to ascertain from the Khedive whether, if the Porte would consent to surrender all control over the direct payment of the tribute to the bondholders in England in consideration of receiving a sum of money in cash, His Highness would consent to assign from the revenues reserved for the administration of Egypt the amount of the Tribute, to be remitted to the Bank of England by the Commissioners of the Debt, in the same way as are the revenues specially affected to the payment of the privileged railway stock.

I have ascertained from Her Majesty's Ambassador at Constantinople that, although it is possible that the Porte may give its consent to such a proposal, no decision has yet been taken, and I have informed Mr. McEwen that I can take no action in the matter without instructions from Her Majesty's Government.

I do not think there would be much difficulty in inducing the Khedive to consent to make such an assignment, provided the Porte sanctioned it, if he thought it would be agreeable to Her Majesty's Government; but as the French Government are also interested in the loans in question, it might be well, if the request is to be made at all, that it should be made jointly by France and England.

In any case I shall do nothing without instructions from your Lordship.

I have, &c.
(Signed) C. VIVIAN.

No. 198.

Mr. Vivian to the Earl of Derby.—(Received May 21.)

(No. 131. Political.)

My Lord, *Cairo, May 12, 1877.*

I HAVE reported in my previous despatch a proposal made to me by Mr. McEwen, that the Khedive should permanently assign to the Egyptian tribute bondholders

sufficient revenue to make up to them the annual amount of the tribute which should be paid directly into the Bank of England through the Commissioners of the Public Debt.

But Mr. McEwen has earnestly pressed upon my notice another and larger scheme, in which he has also asked me to take the initiative.

Premising that Her Majesty's Government, jointly with that of France, are absolutely liable for the service of the 1855 Guaranteed Loan (250,000*l.* a-year), for which no provision now exists beyond 72,000*l.* a year out of the Tribute, and that even this cannot be touched until the 1854 bondholders are paid in full;

That Her Majesty's Government, jointly with the French Government, are also morally liable for the service of the 1854 Loan (210,000*l.* a-year), dependent on the Tribute;

That the joint liability of the two Governments, absolute and moral, thus amounts to 460,000*l.* a-year;

Mr. McEwen proposes to buy up the three Tribute Loans at about issue price, paying for them in Consols – an operation which he estimates would cost about 9,405,000*l.*, *plus* a cash indemnity to the Porte for surrendering the reversion of the tribute (in addition to relieving them of 178,000*l.* a-year for the guarantee of the 1855 Loan) of 2,000,000*l.*: total cost, 11,405,000*l.*; 3 per cent. on this sum would amount to 342,000*l.* a-year, which he proposes should be made a first-charge upon the revenues of Egypt.

He points out that as the Khedive would be thus relieved from his present liabilities on account of the Tribute, amounting to nearly 700,000*l.* a-year, he would save about 35,000*l.* a-year, and that in consideration of this great advantage he might be induced to surrender his reversionary interest in the Suez Canal at the end of ninety years in favour of the British Government alone, or of the British and French Governments jointly, and that meanwhile Her Majesty's Government should have the right to protect the Canal under whatever Convention may be agreed upon between the Great Powers, as to its future position in peace or war.

Mr. McEwen points out that Her Majesty's Government and that of France might thus disentangle themselves from liabilities, absolute and moral, amounting to 460,000*l.* a-year, for what he considers a nominal guarantee of 342,000*l.* a-year, secured as a first-charge upon the revenue of Egypt, and that they would obtain for this the entire possession in ninety years of the Suez Canal, with a probable annual revenue of about 3,000,000*l.*

How far Mr. McEwen's scheme, which looks well enough on paper, may be financially sound, I am hardly competent to judge, but it is easy to see that it would be an enormous gain to the holders of the 1854 and 1871 Loans, whose stock, already very low, is daily becoming more seriously depreciated.

But whether any advantage would accrue to Her Majesty's Government depends upon the extent to which they admit their liability for the loans in question. Your Lordship's answer to a deputation which waited upon you in November 1875 shows that you then held that the obligations taken by Lords Palmerston, Clarendon, and Russell did "not go further than to pledge those who now represent the British Government to use such moral influence as they can bring to bear to secure the creditors."

I do not know whether a discharge from this responsibility, and the prospective acquisition of the Suez Canal at the end of ninety years (if the Porte and the Viceroy would consent to it), would be worth entering into a guarantee in perpetuity of 342,000*l.* a-year. In any case, I have informed Mr. McEwen that I could not possibly take up any such scheme until I was instructed by Her Majesty's Government to do so.

I believe Mr. McEwen means to speak to the Duke Decazes upon this subject on his way through Paris.

I have, &c.
(Signed) C. VIVIAN.

No. 199.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, May 22, 1877.*

I HAVE laid before the Earl of Derby your letter of the 10th instant, relative to the proposals of the Turkish Government, as telegraphed by Her Majesty's Ambassador on the 1st instant, respecting the Guaranteed Loan of 1855, and the transmission of the Turkish tribute to the Bank of England; and I am directed by his Lordship to state to

you, for the information of the Lords of the Treasury, that Her Majesty's Ambassador at Paris will be instructed to ascertain the views of the French Government as to these proposals.

With reference to the latter portion of your letter, I am to request you to call their Lordships' attention to the letter from this Department of the 11th instant, forwarding a copy of the answer returned by the Porte to the joint note of the English and French Chargé d'Affaires on the Loan of 1854, and I am to state that Lord Derby would wish to be favoured with such observations as their Lordships may have to offer on that answer.

I am, &c.
(Signed) TENTERDEN.

No. 200.

Mr. Stronge to Lord Tenterden.—(Received May 24.)

My Lord, *Treasury Chambers, May 23, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 11th instant, and to request you to inform the Secretary of State that they have read with much regret the reply of Safvet Pasha to the joint representation of the French and British Governments, addressed to the Porte on the 17th February last, on behalf of the bondholders of 1854.

Lord Derby will have received my Lords' letter of the 10th instant, in reply to the telegram from the Turkish Government on the subject of the Guaranteed Loan of 1855, and he will have seen that my Lords are anxious that advantage should be taken of the return of the Ambassador to Constantinople to renew the representation made on the 17th February, and to press it on the favourable consideration of the Porte.

I am to say that my Lords think it most desirable that such a representation should be made, in spite of the unfavourable answer now before them, for they are sorry that the Turkish Government should, as they think, needlessly add to their difficulties by leaving unsettled a question which appears to admit of an amicable arrangement.

I am, &c.
(Signed) CHARLES W. STRONGE, *pro Sec.*

No. 201.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, May 25, 1877.*

I AM directed by the Earl of Derby to transmit to you herewith a copy of a despatch from Her Majesty's Agent and Consul-General in Egypt, relative to a scheme proposed by Mr. McEwen, according to which the Khedive should assign to the Egyptian tribute bondholders a sufficient amount of revenue to make up the amount of the tribute, and that this amount should be paid directly into the Bank of England through the Commissioners of the Public Debt;* and I am to request that you will move their Lordships to favour Lord Derby with their opinion upon this proposal.

I am, &c.
(Signed) TENTERDEN.

No. 202.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, May 25, 1877.*

I AM directed by the Earl of Derby to transmit to you herewith a copy of a despatch from Her Majesty's Agent and Consul-General in Egypt, giving the outline of a scheme proposed by Mr. McEwen for the conversion of the three Egyptian tribute loans,† and I am to request that you will submit the same to the Lords Commissioners of Her Majesty's Treasury for their opinion, and for such observations as they may wish to offer thereon.

I am, &c.
(Signed) TENTERDEN.

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* No. 197. † No. 198.

No. 203.

Mr. Stronge to Lord Tenterden.—(Received May 26.)

My Lord, *Treasury Chambers, May 25, 1877.*

IN reply to Mr. Lister's letter of the 6th February last, transmitting a copy of a request addressed to the Secretary of State for Foreign Affairs by the French Ambassador, for information on the subject of the sinking fund of the Imperial Ottoman Guaranteed Loan of 1855, I am directed by the Lords Commissioners of Her Majesty's Treasury to forward a Memorandum which, as their Lordships believe, will give the explanations required by the French Government.

I am, &c.
(Signed) CHARLES W. STRONGE, *pro Sec.*

Inclosure in No. 203.

Memorandum respecting the Sinking Fund of Imperial Ottoman Guaranteed Loan of 1855.

THE operation of this sinking fund is described in the 9th paragraph of the Public Notice issued on the 15th August, 1855, and headed "Particulars of the Loan," which runs as follows:—

"The sinking fund will be applied from year to year, commencing on the 1st August, 1859, either in the purchase of certificates of the loan in the public market, or, at the option of the Ottoman Government, in paying off at par such certificates as shall be drawn by lot in the presence of the Chief Cashier and Chief Accountant of the Bank of England, on some one day in the month of May next immediately preceding the 1st of August in each year, and public notice of the numbers of the certificates so drawn will be given in the "London Gazette," and in some newspapers circulating in London and Paris.

"The interest on the certificates so drawn, together with the capital, will be payable on 1st of August next following such drawing, after which day all interest on the certificates so drawn will cease altogether."

It will thus be seen that the Ottoman Government have the option of either buying in the market, or paying off at par certificates drawn by lot, and, as these securities have never fallen below par, the latter course has always been adopted.

Five per cent. on the entire loan of 5,000,000*l.* was regularly paid from August 1st 1859 to August 1st, 1875, both inclusive, and the capital has thus been reduced to 3,815,000*l.* The drawing of certificates took place, as usual, in May 1876, but since that date the interest only, viz., 2 per cent. half-yearly, on the outstanding amount, has been paid; and no sum has been provided to pay off the certificates drawn last year.

The Egyptian Tribute, which amounts annually to rather more than 280,000*l.* (exclusive of the additional Tribute imposed in 1866, which is only applicable to the Loan of 1871) is first employed in paying the interest and sinking fund of the Loan of 1854, amounting to about 210,000*l.* There consequently remains a sum of more than 70,000*l.* annually applicable towards meeting the payments due on the Guaranteed Loan.

As the Tribute is, under present arrangements, paid by the Egyptian Government directly to the Bank of England, this sum is so far secure. The Turkish Government provides the balance of the charge of the Guaranteed Loan over and above the sum contributed by the Egyptian Tribute, not specially out of the Customs of Smyrna, but out of the general revenue of the Empire.

It will be remembered that the IIIrd Article of the Convention of June 27, 1855, concluded between the United Kingdom, France, and Turkey, charges the interest and sinking fund of the Guaranteed Loan upon the whole revenues of the Ottoman Empire, and specially on the annual amount of the tribute of Egypt, which remains over and above the part thereof appropriated to the first loan, and moreover on the Customs of Smyrna and Syria.

The amount required to meet the interest on the outstanding capital of the Guaranteed Loan has, up to this time, been forwarded to London by the Ottoman Government, though not always punctually on the day appointed by the Convention of June 27th, 1855, viz., the 25th June and 25th December in each year.

No. 204.

Memorandum by Sir J. Paunicefote.

MR. PALMER, the Governor of the Bank of England, called yesterday, and, in the absence of Lord Tenterden, asked to see me.

The object of his visit was to urge on behalf of the Turkish bondholders that Lord Derby should not accede to any proposals (which it is believed are about to be made by Musurus Pasha and Zudhi Effendi) whereby the existing rights of the bondholders would be prejudiced.

I annex extracts from the money articles of the "Times" of the 25th and 26th instant, which explain the situation.

Mr. Palmer also expressed a hope that Lord Derby would impress on Musurus Pasha the necessity of giving his signature for the distribution of the money now in the Bank of England, and due to the bondholders of 1854 and 1871.

This is simply a Ministerial Act, and it is alleged that his refusing or delaying to perform this duty is quite indefensible, and that if he hopes to raise any further loan in this country the first step he should take is to calm the irritation felt at this proceeding by signing the document authorizing the Bank to distribute the money *which cannot legally be otherwise applied.**

J. P.

May 30, 1877.

Annexes.

Extracts from the Money Article of the "Times."

May 25, 1877.

At a meeting of the 1871 Turkish bondholders held to-day it was resolved that, while feeling entire confidence in Messrs. Dent, Palmer, and Co., the Council of Foreign Bondholders should be asked to give its assistance and co-operation towards obtaining satisfaction of the 1871 bondholders' just claims upon the funds remitted to the Bank of England from Egypt on their account. It was evident when the announcement was made that a financial envoy of the Turkish Government, in the person of his Excellency Rudhi Effendi, was coming to this country that the object in view was to attempt to raise money somehow. Propositions in this sense we know have already been made in high quarters with a view to ascertain what are the chances of Turkey being able to raise more money in this market. The answer given was what might be expected—viz., that the first thing with which a foreign Government must be equipped in such a case is credit. Now, the money at present in the Bank of England represents one-half of the amount of the last three over-due coupons and drawn bonds of the loans of 1854 and 1871. All that is required to place the owners of that money—*i.e.*, the holders of the overdue coupons—in possession of it is the signature of his Excellency Musurus Pasha. *The withholding of the Ambassador's sanction to its transfer from the Bank to the agents for distribution among the bondholders has caused a degree of irritation which makes it utterly hopeless to think of any new public issue of any kind whatever.* No further evidence than that of the past few years is required to show how long-suffering and patient English bondholders can be, but there is a point beyond which a demand for further concessions becomes nothing short of impertinence. The gentleman who has come here on this mission may as well be given to understand at once that nothing will induce the bondholders to forego their claim to this money, and it may be further remarked that no more short-sighted policy could be adopted by the Turkish Government, even in its extreme financial necessity, than to continue to withhold these funds from the rightful owners, when but a stroke of the pen is required for their distribution.

May 26, 1877.

As the question of concessions is one to which the particular attention of the Turkish Tribute Bondholders is being directed at the present time, it should be remembered that the stipulations of the Convention of 1855 in reference to the Loan of 5,000,000*l.* guaranteed by France and England, state that all that is over of the Tribute of Egypt assigned to the Loan of 1854 is by that Convention assigned as part security to France and England, so that whatever concession is made by the 1854 bondholders can only go

* See passage in italics in first extract.—J. P.

in that direction. The Tribute was augmented in 1866, and it has been suggested that a legal question might be raised by the English and French Governments as to the liability of that additional Tribute to the service of the 1855 Loan.* The Government were, however, appealed to in 1871 before the issue of the loan raised in that year, and although the answer given might have been more distinct no objection to the prospectus and issue of the 1871 Loan was raised. Hence no claim could be made by France and England to the prejudice of the 1871 Bondholders, but it might be very different if any endeavour were made to appropriate any portion of the Tribute to any other purpose.

No. 205.

The Earl of Derby to Lord Lyons.

(No. 313.)

My Lord, *Foreign Office, May* 29, 1877.

WITH reference to previous correspondence, I transmit to your Excellency herewith the decypher of a telegram from Her Majesty's Ambassador at Constantinople, submitting to Her Majesty's Government, on behalf of the Turkish Government, certain financial proposals with reference to the 1855 Loan, and the direct transmission to the Bank of England of the Egyptian tribute.

These proposals having been submitted to the Board of Treasury for their opinion, the reply—of which a copy is inclosed herewith—has been received from that Department.†

Your Excellency will perceive that, with reference to both the points contained in Mr. Layard's telegram of the 1st instant, the Board of Treasury desire to ascertain the views of the French Government thereon, and I have accordingly to request that your Excellency will place yourself in communication with the French Minister for Foreign Affairs, and report to me any observations which his Excellency may have to make upon these proposals of the Turkish Government.

With reference to the latter portion of the letter from the Treasury, in which allusion is made to the joint representations addressed to the Porte by the Chargé d'Affaires of Great Britain and of France on the 17th of February last, on the subject of the Ottoman Loans of 1854 and 1855, I have to acquaint your Excellency that since the date of that letter Mr. Layard's despatch No. 365 of the 29th ultimo, a copy of which accompanied my despatch No. 278 of the 10th instant, and which contains the reply of the Porte to those representations, has been communicated to the Board of Treasury.

I am, &c.

(Signed) DERBY.

No. 206.

The Earl of Derby to Mr. Layard.

(No. 155.)

Sir, *Foreign Office, May* 31, 1877.

I INCLOSE, for your Excellency's information, copies of two letters from the Board of Treasury on the subject of the Ottoman loans.‡ The first part of the letter of the 10th of May relates to the proposals of the Porte with reference to the 1855 Loan, and the direct transmission of the Egyptian tribute to the Bank of England, which were communicated in your telegram of the 1st instant. Lord Lyons has been instructed to ascertain the views of the French Government with regard to these proposals.

The latter part of the letter refers to the joint representation in regard to the Loan of 1854 addressed by the British and French Chargé d'Affaires to the Porte on the 17th of February. The letter was written before your despatch No. 365 of the 29th ultimo, forwarding the Porte's answer, was before the Treasury, but the Board, after having considered it, repeat in their letter of the 23rd instant their request that a strong representation should be made by your Excellency on the subject, and I have accordingly to instruct you to bring to the notice of the Porte the views expressed in these letters, and to urge them to reconsider the decision conveyed in their note of the 25th ultimo.

I am, &c.

(Signed) DERBY.

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* Mr. Palmer states that the opinion of Mr. Cotton, Q.C., and Mr. Rekewich, Q.C., is to the effect that this additional Tribute is liable.

† No. 196.

‡ Nos. 196 and 200.

No. 207.

The Earl of Derby to the Marquis d'Harcourt.

M. l'Ambassadeur, *Foreign Office, May 31, 1877.*

WITH reference to your Excellency's letter of the 25th of last January, and to my reply of the 6th of February, I have the honour to transmit herewith a Memorandum which has been furnished to me by the Lords Commissioners of Her Majesty's Treasury,* and which it is believed will give the explanations required by the French Government on the subject of the sinking fund of the Imperial Ottoman Guaranteed Loan of 1855.

I have, &c.
(Signed) DERBY.

No. 208.

Lord Lyons to the Earl of Derby.—(Received June 2.)

(No. 450.)
My Lord, *Paris, June 1, 1877.*

I HAD this morning the honour to receive your Lordship's despatch No. 313 of the 29th ultimo, in which you directed me to place myself in communication with the French Minister for Foreign Affairs, and to report to you any observations he might have to make upon the proposals of the Turkish Government respecting the Egyptian tribute and the Ottoman Guaranteed Loan, which were communicated to your Lordship by Mr. Layard on the 1st ultimo.

I went immediately to the Duc Decazes and spoke to him upon the subject.

The first proposal is that the British and French Governments shall give up the portion of the Egyptian tribute which is appropriated to the part payment of the charges on the Loan of 1855, and thus enable the Porte to assign that portion as a security for a new loan.

The Duc Decazes said that he thought the Government would be liable to be called severely to account in the Chambers if it gave up this security, and accepted in lieu of it the very unsafe arrangement proposed by the Porte. This was, however, a matter of finance, on which he must consult the Minister of Finance before giving a positive opinion.

On the other hand, the Duke attributed a political character to the proposal that the whole of the Egyptian tribute should be remitted direct to the Bank of England, and be rendered entirely free from interference on the part of the Porte. He did not see any objection to such an arrangement being made by the Porte and the Khedive between themselves, but he should hardly think it prudent that the French and English Governments should make themselves parties to it. By so doing they would, he conceived, incur a responsibility towards the bondholders, and if the arrangement were violated, might be called upon to enforce the observance of it, while to do this might be inconvenient and difficult.

I have, &c.
(Signed) LYONS.

No. 209.

Lord Lyons to the Earl of Derby.—(Received June 2.)

(No. 451.)
My Lord, *Paris, June 1, 1877.*

IN the course of the conversation which I had this morning with the Duc Decazes about the Ottoman loans, he said that he felt that it would be very harsh to put pressure, with regard to its pecuniary liabilities, upon the Porte in its present difficulties, but that he saw no reason for showing any forbearance towards the Government of Peru.

I have, &c.
(Signed) LYONS.

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* Inclosure in No. 203.

No. 210.

Lord Tenterden to Mr. W. H. Smith, M.P.

(Confidential.)
Sir, *Foreign Office, June 6, 1877.*

WITH reference to my previous letter of this day's date, I am directed by the Earl of Derby to transmit to you, confidentially, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch from Her Majesty's Ambassador in Paris, stating that the Duc Decazes appears disinclined to put pressure upon the Porte in regard to its pecuniary liabilities in its present difficulties, a degree of forbearance which his Excellency is not disposed to show towards the Government of Peru.*

I am, &c.
(Signed) TENTERDEN.

No. 211.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, June 6, 1877.*

WITH reference to my letter of the 30th ultimo, I am directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch from Her Majesty's Ambassador in Paris, reporting a conversation he has had with the Duc Decazes upon the proposals of the Turkish Government respecting the Egyptian tribute and the 1855 Loan,† as communicated to Her Majesty's Government in Mr. Layard's telegram of the 1st ultimo.

I am, &c.
(Signed) TENTERDEN.

No. 212.

Mr. Layard to the Earl of Derby.—(Received June 9.)

(No. 538. Confidential.)
My Lord, *Therapia, May 30, 1877.*

MR. FOSTER, the Director of the Imperial Ottoman Bank, leaves Constantinople to-day for Paris and London. He goes at the urgent invitation of the Porte to endeavour to help in effecting some financial combination which may enable the Turkish Government to get some ready money, of which they are greatly in need.

Safvet Pasha informs me that your Lordship has declined to name a person who would investigate the state of the Turkish finances, and recommend necessary reforms. It further appears that Musurus Pasha has hitherto failed in inducing any competent Englishman to undertake the task. Under these circumstances it is probable that the Porte may request Mr. Foster to take the matter in hand; and they think of associating with him M. Frémy, the well-known French financier, who has offered to serve the Turkish Government in their difficulties, and who has now been invited to Constantinople by the Grand Vizier.

I have seen M. Frémy's plan for the reform of the Turkish finances, which appears to me simple and judicious. His first object, he says, will be to submit them to a thorough examination, so as to get at the truth, and to be able to ascertain exactly what the real amount of revenue and expenditure is. When that is done, he proposes to institute reforms in the collection of the revenue and in the financial administration, and, at the same time, to place before the creditors of Turkey a full and trustworthy statement as to her financial condition. The surplus of revenue over expenditure is then to be applied, as far as it will go, to the payment of the interest on the foreign debt.

These are the main principles of the scheme, as far as I could understand it. They are those which I have been pressing upon the Porte; but the difficulty in the way of getting at the truth as to the Turkish revenue and expenditure is perhaps greater than M. Frémy may expect.

I have, &c.
(Signed) A. H. LAYARD.

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* No. 209. † No. 203.

No. 213.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received June 11.)

My Lord, *Treasury Chambers, June 9, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of Sir Julian Pauncefote's letter of the 25th ultimo, covering copy of a letter from Her Majesty's Consul-General in Egypt, reporting that Mr. McEwen had asked him to ascertain from the Khedive whether, if the Porte would consent to surrender all control over the direct payment of the Egyptian tribute to the bondholders of the tribute loans in England, in consideration of a loan of money in cash, His Highness would consent to assign from the revenues, reserved for the administration of Egypt, the amount of the tribute to be remitted to the Bank of England by the Commissioners of the debt, in the same way as are the revenues specially affected to the payment of the privileged railway stock; also of Sir Julian Pauncefote's letter of the same date covering another letter from Her Majesty's Consul-General in Egypt, reporting another proposal of Mr. McEwen to the effect that Her Majesty's Government should buy up the three Tribute Loans.

I am also to acknowledge the receipt of your letter of the 6th instant, covering copy of a letter from Lord Lyons, reporting that the Due Decazes had informed him that he felt it would be very harsh to put pressure with regard to its pecuniary liabilities upon the Porte in its present difficulties.

I am to request you to inform Lord Derby that my Lords, as at present advised, are not disposed to recommend that Mr. McEwen's request should be complied with, and that the Khedive should be pressed to make such an assignment as that gentleman desires. As regards his larger scheme, it is obvious that Mr. McEwen's proposal cannot be entertained.

I am further to state that my Lords cannot but think that the Due Decazes is under some misapprehension when he thinks that Her Majesty's Government contemplate putting pressure on the Porte in its present difficulties, and my Lords are glad to avail themselves of this opportunity to state their view of the question.

The Secretary of State is aware that at the present moment, in virtue of a Firman of the Porte, the whole of the Egyptian Tribute, amounting to 681,000*l.*, is remitted direct by the Egyptian Government to the Bank of England. This sum being under present arrangements locked up in the bank, the Turkish Government not only derives no benefit from it, but has to provide yearly besides a sum amounting to about 80,000*l.* to meet the interest of the Guaranteed Loan of 1855, apart from the sinking fund amounting to about 100,000*l.* more.

It has been necessary for the English and French Governments to put pressure upon the Porte to obtain payment of the balance required to make up the interest alone of the Loan of 1855, and the Porte is at the same time pressed by the bondholders of 1854 to come to a settlement with them, while the English and French Governments have acknowleged a moral claim to support the demands of those bondholders, and to urge their case on the favourable consideration of the Porte. Thus the Turkish Government satisfies nobody, loses credit, incurs unpopularity, and has at the same time to pay about 760,000*l.* a-year, leaving, nevertheless, the sinking fund of the Guaranteed Loan unpaid.

It may be said that the Turkish Government might recall its Firman, and direct the Egyptian Government to remit the tribute direct to Constantinople; but it is doubtful whether the Egyptian Government would comply with this direction, at at events unless it were assured that no objection would be made thereto by the English and French Governments.

But as long as the Egyptian tribute is remitted to the Bank of England it is certain that the Turkish Government will not get one penny of it.

The practical question therefore remains whether it is not the best and wisest course for the Turkish Government to come to an agreement with the bondholders of 1854.

My Lords consider, if they are rightly informed, that those bondholders have made a very reasonable proposition to the Porte, viz., namely that the tribute should be appropriated—

1. To the payment of interest and sinking fund of the 1855 Loan, guaranteed by England and France, thus relieving the Turkish Government from the necessity of providing a further sum, over and above the tribute, of 180,000*l.* on the demand of the two Powers.

2. That the balance should be appropriated to the bondholders of 1854, who have in equity the first right to be considered.

My Lords believe that the bondholders of 1854 have come to an agreement with the bondholders of 1871, whereby the balance over and above the charge of the Loan of 1855 would be divided between them. With this arrangement my Lords have nothing to do, as they do not propose to interfere between the Porte and its ordinary creditors; but if the bondholders of 1854 come to an agreement with the bondholders of 1871, and express themselves satisfied with the arrangement, Her Majesty's Government may be satisfied also, and certainly need not object because the arrangement happens to satisfy a class of bondholders on behalf of whom they do not intend to interfere.

My Lords therefore are disposed to think that Her Majesty's Government may cordially acquiesce in such an arrangement.

Further, so far from pressing harshly on the Porte in the midst of its difficulties, Her Majesty's Government may fairly point out that the Porte will satisfy the whole of its obligations under the Guaranteed Loan, satisfy creditors who are now powerfully supported, and actually save money at the same time.

My Lords think that these considerations should be urged upon the Porte in its own interest. It is seldom that an arrangement can be proposed which is favourable to all parties considered, but my Lords feel assured that that description applies to the arrangement now under consideration unless, indeed, the Turkish Government proposes (which they have not yet hinted) to call upon Egypt to desist from remitting the tribute to the Bank of England, and thus to open up a new question, and to court difficulties which would possibly, and probably, not be solved in the manner that the Porte would desire.

I am, &c.
(Signed) W. H. SMITH.

No. 214.

The Earl of Derby to Mr. Vivian.

(No. 83.)
Sir, *Foreign Office, June 14, 1877.*

I HAVE had under my consideration, in communication with the Lords of the Treasury, your despatch No. 131 of the 12th ultimo, reporting a proposal submitted to you by Mr. McEwen to the effect that Her Majesty's Government should buy up the three tribute loans, and I have to state to you that this proposal is not one which can be entertained by Her Majesty's Government.

I am, &c.
(Signed) DERBY.

No. 215.

The Earl of Derby to Mr. Vivian.

(No. 82.)
Sir, *Foreign Office, June 14, 1877.*

I HAVE had under my consideration, in communication with the Lords Commissioners of the Treasury, your despatch No. 130 of the 12th ultimo, reporting that Mr. McEwen had asked you to ascertain from the Khedive whether, if the Porte would consent to surrender all control over the direct payment of the Egyptian tribute to the bondholders of the tribute loans in England, in consideration of a loan of money in cash, His Highness would consent to assign from the revenues reserved for the administration of Egypt the amount of the tribute to be remitted to the Bank of England by the Commissioners of the Debt, in the same way as are the revenues specially affected to the payment of the privileged railway stock.

I have now to state to you that Her Majesty's Government are not prepared to comply with Mr. McEwen's request, or to instruct you to press the Khedive to make such an assignment as that gentleman proposes.

I am, &c.
(Signed) DERBY.

No. 216.

The Earl of Derby to Mr. Layard.

(No. 191.)
Sir, *Foreign Office, June 14, 1877.*

WITH reference to my despatch No. 155 of the 31st ultimo, I transmit, for your Excellency's information, a copy of a further letter from the Treasury on the subject of the tribute loans of the Ottoman Government,* and I have to instruct you to use your best efforts to induce the Porte to agree to the arrangement proposed by the bondholders of the 1854 Loan, and to bring to their notice the arguments in its favour which are put forward in the Treasury letter.

I am, &c.
(Signed) DERBY.

No. 217.

The Earl of Derby to Lord Lyons.

(No. 362.)
My Lord, *Foreign Office, June 16, 1877.*

I HAVE communicated to the Board of Treasury a copy of your Excellency's despatch No. 451 of the 1st instant, stating, with reference to the subject of the tribute loans of the Ottoman Government, what are the views of the Duc Decazes in regard to putting pressure upon the Porte in the interests of the bondholders, and I now transmit to your Excellency a copy of a letter from the Treasury correcting the misapprehension which his Excellency appears to be under in regard to the views of Her Majesty's Government upon this question, and stating their reason for considering that the arrangement proposed by the bondholders of the 1854 Loan should be carried into effect.*

Her Majesty's Ambassador at Constantinople has been instructed to use his best endeavours to induce the Porte to agree to the arrangement in question ;† and I have to request your Excellency to communicate to the French Government the views of Her Majesty's Government in this matter, and to request them to instruct their Chargé d'Affaires at Constantinople to make a further representation to the Porte in support of the arrangement in question.

I am, &c.
(Signed) DERBY.

No. 218.

Mr. Layard to the Earl of Derby.— (Received June 13.)

(No. 600.)
My Lord, *Therapia, June 12, 1877.*

WITH reference to your Lordship's despatch No. 155 of the 31st ultimo, I have, in pursuance of your Lordship's instructions, addressed a note to the Turkish Minister for Foreign Affairs, urging upon the Porte to reconsider its decision with regard to the bondholders of the 1854 Loan, a copy of which I have the honour to inclose.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 218.

Mr. Layard to Safvet Pasha.

Sir, *Therapia, June 11, 1877.*

I DULY transmitted to Her Majesty's Government your Excellency's note of the 25th April last in reply to the joint representations made by the British and French Governments on the 17th February last in favour of the bondholders of the Turkish Loan of 1854.

The Porte was urged, in the note addressed by Her Majesty's Chargé d'Affaires to your Excellency in pursuance of his instructions, to come to some satisfactory agreement with them, and Her Majesty's Government expressed their willingness to grant their good offices to facilitate its conclusion. Her Majesty's Government have now learnt

* No. 213. † No. 216.

with much regret your Excellency's answer. They believe that the Turkish Government has needlessly added to its difficulties by leaving unsettled a question which appears to admit of an amicable arrangement.

As your Excellency is no doubt aware, certain proposals were made through me by his Excellency the Minister of Finance to Her Majesty's Government as to the Egyptian tribute, which might enable the Turkish Government to raise a loan in England or elsewhere. Her Majesty's Government feel great difficulty in replying to the questions addressed to them on this subject so long as the Turkish Government is unwilling to entertain favourably the representations made to it in February last. They believe that the proposal then laid before the Turkish Government would, if accepted, satisfy the bondholders of 1854, and would, at the same time, obviate the inconvenience now arising from the method in which provision is made for paying the interest and sinking fund of the Guaranteed Loan of 1855. Its acceptance would satisfy the requirements of the British and French Governments, and would relieve the Porte from embarrassing questions which must cause needless irritation and anxiety as long as they remain unsettled. It would, at the same time, cause an actual saving of money, inasmuch as the Egyptian tribute would suffice for the demands to be made on account of the three loans, whereas, at present, not only are the bondholders of 1854 (to say nothing of those of 1871) profoundly dissatisfied, but, over and above the amount of the tribute, the Turkish Government has half-yearly to provide a certain sum out of its general revenue to meet the interest of the Guaranteed Loan. This issue is only made, moreover, after urgent representations, to which the Guaranteeing Powers, with great regret, feel themselves under the necessity of having recourse, and the sinking fund of the Loan of 1855 is not provided at all. A more unsatisfactory state of things could hardly be imagined, and Her Majesty's Government trust that the Porte will, in its own interest, apart even from any other consideration, bring it to a speedy settlement.

I am consequently instructed by Her Majesty's Government to urge upon the Turkish Government to reconsider its decision conveyed in your Excellency's note of the 25th April last.

I avail, &c.
(Signed) A. H. LAYARD.

No. 219.

Lord Lyons to the Earl of Derby.—(Received June 23.)

(No. 528.)
My Lord, *Paris, June 22, 1877.*

WITH reference to your Lordship's despatch No. 313 of the 29th ultimo, and to my despatch No. 450 of the 1st instant, I have the honour to transmit to your Lordship a copy of a note from the Duc Decazes, from which it appears that the French Government are not at all disposed to accede to the proposal of the Porte that they should accept some other security in lieu of the portion of the Egyptian tribute assigned for part payment of the charges on the Loan of 1855.

The note does not advert to the Turkish proposal respecting the transmission of the Egyptian tribute to the Bank of England in such a manner as to place it entirely beyond all interference on the part of the Porte.

Your Lordship may, however, remember that in the conversation recorded in the despatch No. 450 of the 1st instant, to which I have already referred, his Excellency said that he did not see any objection to such an arrangement, but that he did not think that the English and French Governments should make themselves parties to it.

I have, &c.
(Signed) LYONS.

Inclosure in No. 219.

The Duc Decazes to Lord Lyons.

M. l'Ambassadeur, *Versailles, le 20 Juin, 1877.*

VOUS avez bien voulu m'entretenir, il y a quelque temps, du désir qu'aurait la Porte Ottomane de savoir si l'Angleterre et la France consentiraient à renoncer au bénéfice de la clause en vertu de laquelle le solde du tribut Egyptien, montant à 72,000 livres,

est annuellement affecté au service de l'Emprunt Turc de 1855, garanti par les deux Puissances. La Porte voudrait pouvoir disposer de cette ressource pour en faire le gage d'un nouvel emprunt.

Avant d'exprimer un avis sur cette suggestion, j'ai dû consulter M. le Ministre des Finances, directement intéressé dans une question où la responsabilité du Trésor Français est engagée.

M. Caillaux estime que la portion du tribut Egyptien qui est affectée aux annuités de l'Emprunt de 1855 constitue l'élément le plus solide de l'hypothèque réservée aux créanciers et qu'une combinaison nouvelle qui ferait reposer exclusivement leur gage sur le produit des taxes de Douane et autres impôts appliqués aujourd'hui, pour une partie seulement, au service de cet emprunt, ne saurait être acceptée comme leur offrant les mêmes sécurités.

Les informations que possède le Gouvernement de la Reine l'aurait sans doute amené à des conclusions semblables. En tout cas, et pour ce qui nous concerne du moins, l'ouverture de la Porte Ottomane, dans les termes où elle est actuellement présentée, ne paraît guère susceptible de recevoir une suite favorable.

Agréez, &c.
(Signé) DECAZES.

No. 220.

Lord Lyons to the Earl of Derby.—(Received June 23.)

(No 529.)
My Lord, *Paris, June 22, 1877.*

I HAD yesterday the honour to receive your Lordship's despatch No. 362 of the 16th instant, directing me to request the French Government to make a representation to the Porte in support of the arrangement proposed with regard to the Ottoman Loans of 1854 and 1855.

I have the honour to inclose a copy of a Memorandum or *Note Verbale* which I have in consequence presented to the Duc Decazes.

With reference to my despatch No. 451 of the 1st instant, it is, perhaps, right that I should say that I did not understand the observation which the Duc Decazes made to me on that day about the Peruvian debt as at all intended to imply that his Excellency thought that Her Majesty's Government were disposed to put any undue pressure on the Porte in the interests of the holders of Ottoman stock.

On the contrary, I think the Duc Decazes is rather of opinion that Her Majesty's Government are inclined to show too much forbearance towards the Porte. I had the honour to report to your Lordship, in my despatch No. 214 of the 19th March last, that the Duke had observed to me that he was more disposed than Her Majesty's Government seemed to be to interfere actively with the Porte in favour of the French and English bondholders, and his Excellency not unfrequently speaks in this sense.

His observation on the 1st instant was intended to recommend severity towards the Peruvian Government, not to deprecate pressure on the Porte. His meaning I conceive to have been that, while he sympathized with the unwillingness of Her Majesty's Government to put pressure on the Porte in its present difficulties, he felt no compunction with regard to the Government of Peru, and would be glad that energetic steps should be taken to induce that Government to fulfil its obligations to its foreign creditors.

I have, &c.
(Signed) LYONS.

Inclosure in No. 220.

Note-Verbale.

IN virtue of a Firman of the Porte, the whole of the Egyptian Tribute, amounting to 681,000*l.*, is remitted direct by the Egyptian Government to the Bank of England. This sum being under present arrangements locked up in the Bank, the Turkish Government not only derives no benefit from it, but has to provide yearly besides a sum amounting to about 30,000*l.* to meet the interest of the Guaranteed Loan of 1855, apart from the sinking fund, amounting to about 100,000*l.* more.

It has been necessary for the English and French Governments to make urgent

representations to the Porte to obtain payment of the balance required to make up the interest of the Loan of 1855; and the Porte is at the same time pressed by the bondholders of 1854 to come to a settlement with them, while the English and French Governments have acknowledged that they have a moral claim to support the demands of those bondholders, and to urge their case on the favourable consideration of the Porte. Thus the Turkish Government satisfies nobody, loses credit, incurs unpopularity, and has at the same time to pay about 760,000*l.* a-year, leaving, nevertheless, the sinking fund of the Guaranteed Loan unpaid.

The practical question therefore remains whether it is not the best and wisest course for the Turkish Government to come to an agreement with the bondholders of 1854.

It is stated that those bondholders have made a very reasonable proposal to the Porte, viz., that the tribute should be appropriated in the first instance to the payment of the interest and sinking fund of the 1855 Loan guaranteed by England and France, thus relieving the Turkish Government from the necessity of providing, over and above the tribute, a further sum of 180,000*l.* on the demand of the two Powers.

And secondly that the balance should be appropriated to the bondholders of 1854, who have in equity the first right to be considered.

It is affirmed that the bondholders of 1854 have come to an agreement with the bondholders of 1871, whereby the balance over and above the charge of the Loan of 1855 would be divided between them. With this arrangement Her Majesty's Government have nothing to do, as they do not propose to interfere between the Porte and its ordinary creditors; but if the bondholders of 1854 come to an agreement with the bondholders of 1871, and express themselves satisfied with the arrangement, Her Majesty's Government certainly need not object because the arrangement happens to satisfy a class of bondholders on behalf of whom they do not intend to interfere. It would seem, on the contrary, that Her Majesty's Government may cordially acquiesce in such an arrangement.

Far from pressing harshly on the Porte in the midst of its difficulties, Her Majesty's Government might fairly point out that the Porte would satisfy the whole of its obligations under the Guaranteed Loan, satisfy creditors who are now powerfully supported, and actually save money at the same time.

Her Majesty's Government think that these considerations should be urged upon the Porte in its own interest. It is seldom that an arrangement can be proposed which is favourable to all parties concerned, but that description seems undoubtedly to apply to the arrangement now under consideration, unless indeed the Turkish Government proposes to call upon Egypt to desist from remitting the tribute to the Bank of England. But the Porte has never hinted at any such intention, and it can hardly be disposed to open up a new question in this way, and so to court difficulties which would possibly and probably not be solved in the manner it would desire.

Her Majesty's Ambassador at Constantinople has been instructed to use his best endeavours to induce the Porte to agree to the arrangement in question, and Her Majesty's Government would learn with great satisfaction that the French Chargé d'Affaires was instructed to make a representation to the Porte in support of it.

Paris, June 22, 1877.

No. 221.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, June 26, 1877.*

WITH reference to your letter of the 9th instant, I am directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords of the Treasury, copies of despatches relating to the question of the Ottoman loans.*

I am, &c.
(Signed) TENTERDEN.

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* Nos. 219 and 220.

No. 222.

The Earl of Derby to Mr. Layard.

(No. 245.)

Sir, *Foreign Office, June* 28, 1877.

WITH reference to my despatches No. 155 of the 31st ultimo and No. 191 of the 14th instant, I transmit to you herewith, for your Excellency's information, copies of two despatches which I have received from Her Majesty's Ambassador at Paris relating to the question of the Ottoman loans.*

I am, &c.
(Signed) DERBY.

No. 223.

The Earl of Derby to Mr. Layard.

(No. 253.)

My Lord, *Foreign Office, June* 28, 1877.

I APPROVE the note of which a copy is inclosed in your Excellency's despatch No. 600 of the 12th instant, which you addressed to the Turkish Minister for Foreign Affairs on the 11th of June, urging a reconsideration of the decision of the Porte in regard to the proposals of the 1854 bondholders.

I am, &c.
(Signed) DERBY.

No. 224.

The Secretary to the Treasury to the Earl of Derby.

My Lord, *Treasury Chambers, July* 3, 1877.

WITH reference to previous correspondence on the subject of the loans of the Imperial Ottoman Government, I am directed by the Lords Commissioners of the Treasury to transmit to your Lordship herewith, for the information of the Secretary of State, copies of letters from Mr. Palmer, dated 5th and 23rd ultimo, and from Mr. Palmer and Mr. Bouverie, dated the 28th and 29th ultimo.

It appears to my Lords that it is extremely desirable to take advantage of the opening afforded by these communications, in order to place the arrangements for the payment of the dividends on that part of the Turkish debt for which the Governments of England and France are responsible on a better footing, and at the same time to give effect to the desire which the two Governments have expressed to facilitate the conclusion of some satisfactory arrangement between the Porte and the bondholders of 1854.

Lord Derby is aware of the difficulty which has of late periodically arisen when the dividends on the Guaranteed Loan of 1855 fall due. The Porte directs the Bank of England to make provision for the dividends out of the monies which have been paid in by the Khedive of Egypt; the Bank declines to apply these moneys to any other purpose than that to which the Directors contend that they are appropriated, namely, the payments to the bondholders of the Loan of 1854; the Bank represents to the Treasury that it has no funds with which to pay the bondholders of 1855; the Treasury request that it will advance what is required, and makes the Imperial Exchequer responsible for the amount; my Lords communicate with the Secretary of State, who in his turn communicates with the Porte; and thus, though with some difficulty, the sum which is due is at last obtained from the Ottoman Government. This process is tedious and annoying, even though the money should ultimately be paid; and it cannot but be apprehended that the difficulty of obtaining such ultimate payment may increase, and at last become insuperable, in which case the exchequers of the two Guaranteeing Governments must bear the loss. Meantime a large sum (now about 500,000*l.* sterling) is accumulating at the Bank, and is not only lying idle, but may at any time give occasion for disputes and litigation.

This being the state of the question as regards the Guaranteed Loan of 1855, it must be borne in mind that the position of the Unguaranteed Loan of 1854 is also very far from satisfactory, and that, considering all that has passed in Parliament and elsewhere, it is impossible for Her Majesty's Government to view with entire unconcern the

* Nos. 219 and 220.

efforts which the bondholders are making to arrive at a settlement of their claims against the Porte.

The letters which I now inclose for Lord Derby's consideration contain proposals or suggestions for a rearrangement of the charges on the Egyptian tribute, which, in the opinion of the writers, might meet the approval both of the Porte and of those of its creditors who are interested in the loans, which are especially raised upon that particular security.

The principle on which they rest is that the creditors should submit to some reduction in the rate of interest and sinking fund to which they are, under the terms of their respective bargains, entitled; the consideration for this reduction being that the Porte should abandon all right of controlling in detail the application of the tribute after it has once been paid over by the Khedive, and that its distribution among the creditors, under the new scheme which is to be agreed on, shall be conducted by an independent authority. The proposal of Messrs. Zuhdy Effendi and Foster is that the Porte shall direct the Khedive to make the distribution, and that the Khedive shall undertake to do so through the Financial Commission lately established in Egypt. The proposal of Messrs. Howley, Palmer, and Bouverie is that the Porte shall transfer the control of the funds, when once paid into the Bank of England, to the English Chancellor of the Exchequer.

It is understood that Zuhdy Effendi and Mr. Foster speak more or less in the character of the Representatives of the Porte, though without power to conclude any arrangement except after reference to their Government; while Messrs. Palmer and Bouverie speak on behalf of the bondholders of 1854 and 1871, and profess confidence that any arrangement which they might enter into would be accepted by the great body of their clients.

Neither party can make much further progress without ascertaining the general views of the two Guaranteeing Governments as to the modification of the present arrangements, and, at least in the case of Mr. Palmer's proposal, the willingness or unwillingness of the British Government to give active assistance in the distribution of the tribute.

My Lords would suggest for Lord Derby's consideration that it is reasonable and desirable to comply with their request for an expression of this Government's opinion upon their respective schemes; and they propose to offer some observations which occur to them with respect to each of them.

The terms proposed by Zuhdy Effendi and Mr. Foster in their letter of the 27th June to Messrs. Palmer and Bouverie involve so much more considerable a reduction in the rate of interest and sinking fund payable to the bondholders of 1854 and 1871 than Messrs. Palmer and Bouverie themselves speak of, that it seems very improbable that the latter will agree to them. That is, however, a matter for their own consideration; and it would be out of place for the Government to offer any remarks upon the point. If the scheme should be adopted in principle, the exact amount of sacrifice to be made by the creditors will, no doubt, be arrived at by negotiation between the parties concerned.

It will, however, be observed that the letter contains no reference to the provision to be made for the Loan of 1855. It will be necessary, therefore, for the Government to state distinctly that it can give its consent to no arrangement which does not secure to the two Governments the full amount of interest now guaranteed by them, together with a proper sinking fund. My Lords have no doubt that Zuhdy Effendi and Mr. Foster intend to make adequate provision for this purpose, and that they only omit any reference to it from their letter to Messrs. Palmer and Bouverie because they do not think it material to that particular communication; but my Lords consider it necessary, in order to prevent any possibility of a misunderstanding hereafter, that the point should be made clear in any correspondence which may take place.

Turning next to the mode in which the regular payment of the tribute is to be secured, my Lords observe that it involves three operations—

1. The Porte is by Firman to direct the Khedive to remit "the necessary portion of the tribute" for such a number of years as would be "sufficient to extinguish the loans," to whomsoever the bondholders may direct.

2. The Khedive is to acknowledge the Firman and bind himself to remit the tribute accordingly, through the new Financial Commission.

3. The Porte is to "officially notify this, its irrevocable act," to the British Government.

As it is of the essence of the plan that something should be saved out of the tribute for the benefit of the Porte, the net result of this arrangement will be that a smaller

sum in the whole will be sent to England than is sent now; while the assurance that it will be sent regularly will be no greater than it is at present, unless the official notification of the transaction, which is to be given to the British Government, should be held to give Her Majesty the right of insisting on the Khedive's obeying the Firman of the Porte.

The remittance of the tribute to this country at present depends upon the Firman of the Porte and the obedience of the Khedive. The Porte can hardly pretend that it has a moral right to cancel its own Firman; and should it advance such a pretension, it is difficult to see what credit could in future be attached to any new Firman which it might issue. But the possible disobedience of the Khedive, at some future time, is a contingency against which the Porte cannot absolutely guard; and the question is whether, by the new arrangement, it is intended to give the British Government the right of insisting on the Khedive's performance of the engagement which the Porte calls on him to take, whatever may be the future relations between his Suzerain and himself.

This is a question involving serious political consideration, on which my Lords do not propose to enter. It is, however, obvious that they must be well weighed before any proposals of an international character are decided upon; and the scheme is one which, as Messrs. Palmer and Bouverie remark, cannot be carried into effect without the assent of the Governments of England and France.

The scheme of Messrs. Palmer and Bouverie themselves present few difficulties. It includes an adequate provision of the Guaranteed Loan of 1855. It involves smaller sacrifices on the part of the bondholders of 1854 and 1871; and it does not appear to change in any material respect the international relations of the countries interested.

It is true that the proposal to leave the distribution of the funds remitted from Egypt to the English Chancellor of the Exchequer seems at first sight to imply that some responsibility is to be cast upon this Government. But my Lords understand that this responsibility will be limited to the guardianship of the money when paid into the Bank of England; and will not involve us in any responsibility in case of its not being so paid. The British Government would not be called on to distribute what had not been paid in for distribution, nor to enforce the payment should it be in arrear.

The question what should be done if a portion only of the tribute should at any time be remitted, is one of some importance, and upon this my Lords think that Messrs. Palmer and Bouverie should be invited to state their views.

Subject to this question, and to any political difficulties which may occur to Lord Derby, my Lords consider the proposal of Messrs. Palmer and Bouverie to be worthy of encouragement, and they are of opinion that it affords the most hopeful means of extricating the Government from an inconvenient situation, which is rapidly tending to become more complicated.

I am, &c.
(Signed) W. R. SMITH.

Inclosure 1 in No. 224.

Mr. Palmer to Mr. W. R. Smith, M.P.

Dear Mr. Smith, *Bank of England, June 5*, 1877.

IN order to settle the difficulties which the Turkish Government have themselves raised with the holders of the bonds of the Loans of 1854 and 1871, secured upon the Egyptian tribute, which amounts to 681,000*l.*, a gentleman, by name Zuhdy Effendi, has arrived here. He called upon me shortly after his arrival, about ten days ago, and from his conversation he is embued with the notion that if the holders of the bonds of those above-mentioned loans can be induced to accept something less than what they are entitled to under the Contracts of 1854 and 1871, he will be able to use that portion of the tribute of Egypt so liberated as the basis of a new loan.

As a financial operation, any such scheme is wholly impracticable, but that is not the object of my troubling you. There is no justification of any sort or kind why the Turkish Government should have raised the difficulties that exist, and the more so because they have hitherto been productive of no benefit to themselves. Still, by withholding a formal signature of their Ambassador, which is needed to enable the Bank of England to pay the money half-yearly to the agents of the loans for the purpose of the dividends, they have tied up the money and prevented those to whom it belongs from receiving it.

In view of these difficulties, the bondholders put their case absolutely in my hands in January last year (1876), and I sent my son to Constantinople with full power to

arrange with the Turkish Government. I inclose a copy of the scheme that I submitted to them, the principle of which you see is that certain concessions are made both from the 1854 and 1871 Loans. In the case of the first, from the sinking fund, and in the case of the latter, both from the sinking fund and the interest. These concessions made, the Guaranteed Loan of 1855 is secured, principal and interest, on the tribute of Egypt. It is, of course, a very great boon to the holders of the Loans of 1854 and 1871 that the English and French Governments should have their entire security for the Guaranteed Loan placed upon the tribute.

It never occurred to me to make any other suggestion for the appropriation of the Egyptian tribute, for the simple reason that no other disposition of it is possible under the clause in the Convention of 1855, which assigns to the Guaranteed Loan all the tribute that is over after the 1854 Loan is provided for. The wording of this clause gives legal rights to the Governments of England and France to the augmented tribute as it stood after 1866, when an arrangement between the Sultan and the Khedive fixed the tribute at 681,000*l.* Such was the opinion of very eminent counsel, and before my firm would introduce the Loan of 1871 upon the London market, Lord Granville, the then Minister for Foreign Affairs, was appealed to. His answer was by no means so clear as it might have been, but as he saw the prospectus and made no objections to the conditions of it, no English Government can do anything to the prejudice of the holders of the Loan of 1871; but seeing that the service of the Guaranteed Loan is now in arrear, the Government cannot possibly sanction any other arrangement by which their rights may be interfered with.

I am sure if the Government will relegate to yourself the arrangements needed to bring this matter to a successful issue, terms may soon be agreed upon which will secure punctuality in the service of all three loans, and provide for them entirely out of the tribute of Egypt.

Believe, &c.
(Signed) EDWD. HOWLEY PALMER.

Inclosure 2 in No. 224.

Scheme for the future Arrangement of the Turkish Loans of 1854, 1855, and 1871, based upon the Guarantee of the Egyptian Tribute, amounting to 681,000l.

	£
1854.—Capital outstanding, 1,848,000*l.*, at 6 per cent.	110,880
1871.—Capital outstanding, 5,414,000*l.*, at 5 per cent.	270,700
1855.—Original loan, 5,000,000*l.*, requires	250,000
	631,580
Commission to agents, ½ per cent.	3,150
	634,730
Tribute	681,000
Balance	46,270

This balance should be employed annually in the purchase of the bonds of the Loan of 1854, so long as their value is below par. If the value should be above par, there should be a drawing as heretofore. The balance will be increased annually by the interest on the bonds cancelled.

When the Loan of 1854 is extinguished, the same system will be pursued with the Loan of 1871.

It must be arranged that the tribute, sent as heretofore to the Bank of England, shall be subject to the order of the English Government, who will instruct the Bank of England each half-year as to the amounts to be paid to the agents of the Loans of 1854 and 1871.

London, June 5, 1877.

Inclosure 3 in No. 224.

Mr. Palmer to Mr. W. R. Smith, M.P.

Dear Mr. Smith, *Bank of England, June 23*, 1877.

WITH reference to my letter of the 5th instant, and the proposal therein contained for a settlement of the difficulties raised by the Turkish Government with the bondholders

of the Loans of 1854 and 1871, secured upon the tribute of Egypt, I have since then had an interview with Mr. Foster, the chief manager of the Ottoman Bank, who has come to England from Constantinople for the purpose, as it is stated, of co-operating with Zuhdy Effendi in his endeavours to raise money for the Turkish Government, to enable them to carry on the war. The resource on which they rely for this purpose is the surrender of the obstructive power which the Turkish Government possesses, in the exercise of which they can prevent the funds, which are regularly sent by the Khedive of Egypt to the Bank of England, from reaching the bondholders, in conformity with the stipulations in the original contracts made in 1854 and 1871, when the Loans were issued. In view of the exigencies of the Turkish Government, and the low point to which their credit is reduced, I am satisfied no progress will be made in the negotiations unless a scheme is devised by which some portion of the Egyptian tribute may be made available for the present necessities of the Government.

In order to place before the bondholders a scheme which may present a sufficient inducement to them to surrender a portion of that to which they are entitled, it is necessary to have the co-operation of Her Majesty's Government. To this end I wish to propose to the Turkish Government to transfer the control over the funds in the Bank of England, now exercised by the Turkish Ambassador, to the Chancellor of the Exchequer for the time being. If that is assented to, I will then propose to the bondholders of the Loans of 1854 and 1871 a modification of their existing claims to the extent set forth in the accompanying paper; and I further propose that the entire amount of interest, as guaranteed by England and France upon the bonds now outstanding of the Loan of 1855, shall be a charge upon the tribute. When these sums and the commission due to the Bank of England and the Agents of the Loans of 1854 and 1871 are paid, there will be a balance of 142,320*l.*, subject to the future orders of the Turkish Government.

It seems to me that Her Majesty's Government should entertain favourably this proposal, for, if carried out, the amount of the guarantee of England and France is secured, and the moral obligation to the holders of the bonds of the Loan of 1854, which was admitted by Sir Stafford Northcote at the close of the debate on Mr. Russell Gurney's motion at the end of last session, is practically fulfilled.

There is every incentive to the Turkish Government to accede to this proposal for the best of all reasons, that, under the terms of the Convention of 1855, in reference to the Guaranteed Loan, no rearrangement of the appropriation of the Egyptian tribute is possible without the concurrence of the English and French Governments. This question was raised in 1871, when the Loan of that year was issued; and when my son went to Constantinople in 1875, I caused the question to be again submitted to Mr. Cotton and Mr. Kekewich, embracing all the circumstances that had occurred during the interval from 1871 to that time, and their opinion is again expressed in the same terms.

In order that you may have before you all the facts for easier reference, I inclose a copy of the case as last submitted.

There is one other matter connected with these questions which must be adjusted, viz., the payment of the money now in the Bank which has been remitted by the Khedive of Egypt in conformity with the Contracts of 1854 and 1871, and belongs to the holders of the coupons due April and October 1876 and April 1877, and to the holders of the bonds drawn for payment in October 1876, 50 per cent. of which is all that has hitherto been paid. To the holders of these half-paid obligations no consideration for the surrender of any portion of their rights can be given, and hence the money must be paid to the rightful owners before any fresh negotiations can be entered upon.

Believe me, &c.

(Signed) EDWARD HOWLEY PALMER.

	£	£
Egyptian Tribute		681,000
Loan, 1854, 1,000,000*l.*, at 5 per cent.	95,000	
Sinking fund, at 1 per cent.	19,000	
Loan, 1871, 5,400,000*l.*, at 4½ per cent.	243,000	
Sinking fund, at ½ per cent.	27,000	
Loan, 1855, 3,800,000*l.*, at 4 per cent.	152,000	
	536,000	
Commission on paying dividends, ¼ per cent.	2,680	
		538,680
Balance for Turkish Government		142,320

Inclosure 4 in No. 224.

Messrs. Palmer and Bouverie to Sir Stafford Northcote.

Sir, *Bank of England, June 29, 1877.*

REFERRING to Mr. Palmer's letters to Mr. Smith of the 5th and 23rd instant, we now beg to hand, for the information of Her Majesty's Government, copy of a letter received by us from his Excellency Zuhdy Effendi and Mr. M. H. Foster, containing a proposal which they wish us to submit to the bondholders of the Loans of 1854 and 1871. We also inclose a copy of our reply to the letter of these gentlemen.

As it is clear that no such modification of the Contract of 1854 and the Convention of 1855, as suggested in the first of these letters, can be carried out without the previous assent of the Governments of England and France, we shall be glad to know whether Her Majesty's Government have been made acquainted with this proposal, and whether it can under any circumstances meet with their concurrence.

It will be conferring a great obligation upon us in the conduct of this difficult and important negotiation if you feel at liberty to intimate to us the opinion of Her Majesty's Government on the general features of the proposal contained in Mr. Palmer's letter to Mr. Smith of the 23rd instant.

We have, &c.

(Signed) EDWD. HOWLEY PALMER.
E. P. BOUVERIE.

Inclosure 5 in No. 224.

Zuhdy Effendi and Mr. Foster to Messrs. Palmer and Bouverie.

Gentlemen, *London, June 27, 1877.*

REFERRING to our interview of the 25th instant, and in accordance with the understanding then come to, we have now the honour to state that the Imperial Ottoman Government, having regard to the *force majeure* which prevents the carrying out in its integrity the terms of its engagement in connection with the 1854 and 1871 Loans, is desirous of coming to an arrangement with the bondholders of these loans which, whilst meeting the claims of the bondholders in a fair and reasonable manner, will leave at the disposal of the Government the means which are imperatively necessary to provide for its immediate and urgent necessities.

The following are the terms of an arrangement having the above objects, which we are prepared to recommend to, and which we feel confident would be acceded to by, my Government:—

1. That the bondholders should consent to a reduction in the rate of interest and sinking fund to 5 per cent. per annum (including ¼ per cent. sinking fund) on the 1854 Loan, and a reduction of the interest on the 1871 Loan to 3¾ per cent. per annum (including a ¼ per cent. sinking fund), such interest and sinking fund to be calculated and payable on the existing nominal amount of the loans.

2. That on the extinction of the Loan of 1854 the whole of the annual sum theretofore applicable to the service of that loan should be applied as an additional sinking fund for the 1871 Loan.

3. That in consideration of such reduction of interest and sinking funds the payment of so much annually of the tribute as will be sufficient to meet such reduced interest and sinking funds shall be secured inalienably to those objects, entirely free from the control or interference of the Imperial Ottoman Government.

This security to the bondholders shall be effected as follows:—

The Imperial Ottoman Government will, by an Imperial Firman, direct the Khedive of Egypt to remit the necessary portion of the tribute for such a number of years as would be sufficient to extinguish the loans to whomsoever the bondholders may direct, free of all control and interference by the Imperial Ottoman Government, and the Khedive of Egypt on his part will acknowledge such directions, and will bind himself so to remit the tribute.

The Imperial Ottoman Government will officially notify this its irrevocable act to the British Government, and the Khedive of Egypt will, at the instance of the Imperial Ottoman Government, undertake to remit through the Financial Commission lately established in Egypt the necessary amount of the tribute, which, as you are aware, is the first charge on the entire revenues of Egypt.

4. That the existing bonds of the 1854 and 1871 Loans shall be exchanged for substituted bonds, in which all these acts will be fully set forth.

We need scarcely point out that the bondholders would by this arrangement secure an absolute and inalienable security for their bonds which cannot fail greatly to enhance their value, and we hope that you will feel yourselves justified in recommending the proposal to your constituents.

Meanwhile we should feel obliged by an acknowledgment of this letter.

We have, &c.
(Signed) ZUHDY.
M. H. FOSTER.

Inclosure 6 in No. 224.

Messrs. Palmer and Bouverie to Zuhdy Effendi and Mr. Foster.

Gentlemen, *Bank of England, June* 28, 1877.

WE beg leave to acknowledge your letter of yesterday's date, containing proposed terms for an arrangement between the Imperial Ottoman Government and the holders of the bonds of the Loans of 1854 and 1871.

We waived in the first instance our request for the production of your power to complete an arrangement, in the sincere hope that a scheme would be offered to our consideration which would be acceptable both to the Imperial Government and the bondholders. We regret to inform you that, after giving your proposal full consideration, it does not appear to be one which we can submit to the bondholders with a prospect of commanding their assent:—

1. The rate of interest offered is insufficient.

2. The security as proposed is not satisfactory, it being, in our opinion, not equal to that which exists at present, having regard to the nature of the interest of the Allied Governments.

3. We have no reason to believe that Her Majesty's Government will give their concurrence to your proposal, without which concurrence it will be impossible to modify the existing contracts.

We shall be prepared to recommend the bondholders to make some considerable concessions if the following points are assured:—

(1.) That the Ottoman Government abandons any control over the distribution of the tribute during the existence of the present loans.

(2.) That the distribution of the tribute shall be vested exclusively in Her Majesty's Government for the time being.

If these points are assured we think the bondholders will agree to an arrangement by which a material portion of the tribute will be available for the exigencies of the Imperial Government.

In any circumstances, the money now in the Bank of England must be distributed to those to whom it belongs, a large proportion of whom have no interest whatever in the bonds.

We are, &c.
(Signed) EDWD. HOWLEY PALMER.
E. BOUVERIE.

No. 225.

Mr. Layard to the Earl of Derby.—(Received July 7.)

(No. 667.)

My Lord, *Therapia, June* 26, 1877.

IN pursuance of the instructions contained in your Lordship's despatch No. 191 of the 14th instant, I have made a Memorandum of the arguments set forward in the letter from the Treasury inclosed in that despatch on the subject of the proposed arrangement for the payment of the interest on the Tribute Loans, and have placed it myself in Safvet Pasha's hands. I represented to his Excellency that Her Majesty's Government attached considerable importance to this matter, and I urged him strongly to prevail upon the Minister of Finance to consent to the arrangement which I was instructed to propose to him.

His Excellency replied that he would willingly do what he could to satisfy Her Majesty's Government, and he asked me whether it would not be well to instruct Zuhdy Bey, the Turkish Commissioner now in England, to come to an understanding on the subject with the representatives of the holders of the Tribute Loans.

I said that provided Zuhdy Bey were authorized by the Minister of Finance to come to a settlement in the sense proposed in the Memorandum, I saw no objection to his being employed in carrying it out.

I have, &c.
(Signed) A. H. LAYARD.

No. 226.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, July* 13, 1877.

I HAVE laid before the Earl of Derby your letter of the 3rd instant respecting the Turkish Loans of 1854, 1855, and 1871, together with the further papers forwarded to this Office on the 11th instant.*

That letter incloses copies of communications which have been exchanged between Messrs. Palmer and Bouverie, on behalf of the bondholders of the 1854 and 1871 Loans, and Messrs. Zuhdy Effendi and Foster, the Financial Agents of the Turkish Government, containing proposals or suggestions for a rearrangement of the charges on the Egyptian tribute, upon which Messrs. Palmer and Bouverie desire to obtain the opinion of Her Majesty's Government, inquiring, at the same time, whether Her Majesty's Government have been made acquainted with the scheme of the Turkish Financial Agents.

I am, in reply, to request that you will state to the Lords Commissioners of Her Majesty's Treasury that, although Lord Derby has been informed by Her Majesty's Ambassador at Constantinople of the Porte having sent Zuhdy Effendi and Mr. Foster to England, and those gentlemen have called upon his Lordship, and had some informal conversation with him, no definite plan has been proposed by them and no written communication received from them.

It appears to his Lordship that under these circumstances there may be much inconvenience in Her Majesty's Government pronouncing an opinion upon proposals which still form the subject of correspondence between the bondholders and the Porte's Agents.

Irrespective of this there would be some difficulty in expressing a decided opinion on the scheme of the Agents, since Messrs. Palmer and Bouverie, in their letter of the 28th ultimo to the Agents, state that "we have no reason to believe that Her Majesty's Government will give their concurrence to your proposal, without which concurrence it will be impossible to modify the existing contracts," and, in your letter, the Lords Commissioners of Her Majesty's Treasury state that "the scheme is one which, as Messrs. Palmer and Bouverie remark, cannot be carried into effect without the assent of the Governments of England and France."

Lord Derby is not aware upon what grounds this statement is founded. There is nothing, so far as his Lordship can see, in the Treaty of 1855, which prevents the Porte from modifying its contracts with the 1854 and 1871 bondholders.

The words of the Treaty of 1855, Article III, are: "The interest and sinking fund of the said loan shall form a charge on the whole revenue of the Ottoman Empire, and specially on the annual amount of the tribute of Egypt which remains over and above the part thereof appropriated to the first loan, and moreover on the Customs of Smyrna and Syria.

His Imperial Majesty the Sultan engages that he will cause to be remitted to the Bank of England on or before the 25th of June and 25th of December "in each year the full amount of one half-year's interest and sinking fund on the whole amount of the said loan to be raised under the conjoint guarantee of Her Britannic Majesty and of His Majesty the Emperor of the French, or on so much thereof as may be raised until the whole capital borrowed shall be repaid."

The Board of Treasury are aware that in the year 1866 a proposal was made by the Turkish Ambassador that instead of the funds for the 1855 Loan being provided partly from the surplus of the Egyptian tribute hypothecated under the Treaty of Guarantee (viz., the tribute as fixed at the time when that Treaty was signed) and partly out of the general revenues of Egypt, the increased tribute arising out of the transfer to Egypt of increased territory should be made liable, and the general revenues of the Empire and

* No. 224 and Inclosures.

the Customs of Smyrna and Syria freed from the guarantee obligation. Her Majesty's Government declined this proposal for the reasons stated at the time.

In 1871 a correspondence took place with Musurus Pasha respecting the allocation of the increased Tribute of 1866 as security for a new loan, and his Excellency was informed that so long as the Treasury priority of charge in connection with the Loans of 1854 and 1855 remained secure and valid, the Treasury had no objections to offer to the conditions of the new loan. The Turkish Ambassador replied: "Je viens lui déclarer formellement, au nom du Gouvernement Impérial, que le tribut d'Egypte de 282,872*l.* qui, depuis 1855, est remis régulièrement à la Banque d'Angleterre, et dont le restant, après prélèvement du service de l'Emprunt de 1854, constitue, d'après l'Article III de la Convention du 27 Juin, 1855, avec le produit des douanes de Smyrne et de Syrie, la garantie spéciale de l'Emprunt de 1855, continuera à être affecté, comme par le passé, aux Emprunts de 1854 et de 1855, et que seulement de partie du tribut actuel d'Egypte provenant de l'augmentation faite en 1866, et qui n'a jamais été affectée aux Emprunts de 1854 et de 1855, servira de garantie spéciale au nouvel emprunt."

Lord Granville forwarded a copy of this communication to the Board of Treasury on the 11th August, 1871, as "containing assurances which his Lordship presumes are sufficient with regard to the new Turkish loan;" and the Board of Treasury replied on the 24th of August that they had no further observations to make on the matter; and no rejoinder was consequently made to the Turkish Ambassador's note.

It appears, therefore, that—

1st. There is no Treaty stipulation which would prevent the Porte from altering the conditions of its contract with the 1854 bondholders.

2ndly. It has been officially placed on record, without demur, that the increased tribute of 1866 is not pledged for the service of the 1855 Loan; consequently Her Majesty cannot claim a lien over it, or any right of interference between the Porte and the 1871 bondholders, to whom the increased tribute has been hypothecated as security.

Moreover, if the British Government had a right to prevent an alteration in the conditions of the contracts with either class of bondholders, that right could have been exercised when the decree was issued reducing the rate of interest payable to them, whereas, on the contrary, Her Majesty's Government have always disclaimed any right or duty of interference other than that which may have arisen from the peculiar circumstances attending the issue of the 1854 Loan.

The mere proposal that the Porte should "officially notify" its act to the British Government would plainly not require the assent of the Governments of England and France. Such an official notification would be only a repetition of the official notifications respecting Turkish financial measures which have been so frequently made during the last twenty-three years.

Lord Derby does not wish to suggest that any controversy should be entered into with the bondholders on this point, but it is obvious that the question how far the Porte must necessarily consult the British and French Governments in modifying its contracts with its creditors forms an important element for the consideration of Her Majesty's Government in dealing with the matter.

Her Majesty's Government might, after the correspondence which has taken place, well object to the amount of tribute pledged under the Treaty of 1855, and now paid into the Bank of England, being diverted, but this does not apply to the increased tribute of 1866, and Lord Derby is unable to find in the correspondence any other valid grounds for interference to prevent the execution of the scheme of the Turkish Agents should the Porte insist upon imposing it.

At the same time he would not propose that Her Majesty's Government should countenance any scheme which did not meet with the assent of the bondholders, and contain some satisfactory arrangement for providing punctually for the service of the 1855 Loan.

With regard to the general features of the scheme of Zuhdy Effendi and Mr. Foster, it does not appear to Lord Derby that the official notification of the Porte's new Firman proposed to be made to the British Government could be held to give Her Majesty the right of insisting on the Khedive's obeying the Firman of the Porte.

The Firman of October 1854, providing for the payment of the 1854 Loan, was procured from the Porte, after much correspondence, at the instance of the Governments of England and France, and had all the authority which the interchange of diplomatic communications could give it, but it has never been held that it conferred upon England and France any political rights over Egypt, and there will be nothing to prevent a new Firman issued to supersede the Firman of 1854, being in its turn hereafter superseded or annulled.

That Firman provided for the deposit by the Vali of Egypt of the amount of tribute allocated to the 1854 Loan, after deduction of the sum allotted to the Hedjaz, and the deposits seem to have been regularly paid.

Lord Derby is not prepared to offer an opinion whether the transmission of the money through the Egyptian Financial Commission might or might not be preferable, but he does not suppose that this is an essential feature of the scheme.

The chief point in the scheme of Messrs. Palmer and Bouverie upon which the opinion of Her Majesty's Government seems required is whether the Chancellor of the Exchequer will consent to undertake the distribution of the funds remitted from Egypt to the 1854 and 1871 bondholders if the bondholders can come to an arrangement with the Porte to this effect.

In considering this question, it appears to Lord Derby very important to bear in mind the fact that the Loan of 1855 does not stand on the same footing as the Loans of 1854 and 1871; and that although it might be convenient to arrange a better system for insuring the punctual payment of the 1855 Loan out of the total tribute instead of partly out of the tribute and partly out of the general revenues of Turkey, as at present, care must be taken not to purchase present convenience at the cost of serious future complications.

The tribute of Egypt is payable to the Sultan by the Khedive, as the descendant of Mehemet Ali, under the Act annexed to the Treaty for the Pacification of the Levant, signed by the Representatives of Great Britain, Austria, Prussia, and Russia, on the 15th of July, 1840. (Hertslet's "Map of Europe by Treaty," vol. 2, p. 1014.)

The IIIrd Article of that Act provides that "the annual tribute to be paid to the Sultan by Mehemet Ali shall be proportioned to the greater or less amount of territory of which the latter may obtain the administration according as he accepts the first or second alternative." The alternatives referred to will be found stated in the Act, but are not relevant to the present correspondence, although the rule as to the proportion of tribute was enforced in 1866.

The Vth Article provides "that on condition of the regular payment of the tribute above mentioned, Mehemet Ali and his descendants shall collect in the name of the Sultan, and as the delegate of His Highness within the provinces, the administration of which shall be confided to them, the taxes and imposts legally established."

By the Firman of May 1841 the tribute was fixed at 80,000 purses, about 363,635*l.* sterling. (State Papers, vol. 59, p. 578.)

By the Firman of the 27th May, 1866, the Sultan decreed that the Government of Egypt, with the addition of the Kaïmakamates of Suakim and Massowah, should descend in the direct line from father to son in the family of the Khedive, instead of according to the usual Mussulman line of descent. It also conferred other privileges, and required that the tribute should be raised to 150,000 purses, or 750,000 Turkish pounds.

It will be observed that the tribute is payable annually in consideration of certain sovereign rights and privileges, including a change in the succession, which the Sultan has accorded to Mehemet Ali and his descendants, and consequently, if the Treaty of 1840 were by any change of circumstances to be abrogated, and the relations between the Sultan and Egypt altered, the payment of the tribute would be suspended, as is at present the case with the tribute of Roumania, and very probably annulled. If this were so, the Loans of 1854 and 1871 would be without security, but the Loan of 1855 would fall back upon the security of the general revenues of the Turkish Empire and Customs of Smyrna and Syria.

The Board of Treasury state:—"It is true that the proposal to leave the distribution of the funds remitted from Egypt to the English Chancellor of the Exchequer seems at first sight to imply that some responsibility is to be cast upon this Government. But my Lords understand that this responsibility will be limited to the guardianship of the money when paid into the Bank of England, and will not involve us in any responsibility in case of its not being so paid. The British Government would not be called on to distribute what had not been paid in for distribution, nor to enforce the payment should it be in arrear."

Lord Derby regrets that the experience of this Office does not confirm the view that it is possible for the Government to intervene in foreign loans without incurring responsibility. He believes that no disclaimer in Parliament or in correspondence can prevent the impression being made on the public that a loan in which the Government is concerned (and it is obvious that the Chancellor of the Exchequer would not act as a private agent) is in some way placed under the guarantee of the Government, or the credit of the Government pledged to the faithful observance of its conditions.

It is no secret that the object of the bondholders in introducing the name of the Chancellor of the Exchequer into the agreement with the Porte which they propose is to enhance the market value of their bonds, and thus to compensate them for the diminution of the rate of interest; but this could only take place if the public were induced to believe that the intervention of the Chancellor of the Exchequer would in some way or other secure investors from eventual loss. In the present instance this inducement would be altogether illusory.

The only way in which any valid security could be obtained, such as would justify the Government in undertaking to receive and distribute the tribute funds would be for a Treaty to be entered into giving Great Britain a right to insist upon, and exact by force if necessary, the observance by the Porte of its engagements, and the continuance under all eventualities of the payment of the tribute by Egypt to the bondholders.

It is evident that the negotiation of such a Treaty would quite outbalance any advantages which might be gained in regard to the 1855 Loan. It is very doubtful whether the Sultan and the Khedive could effectually bind their successors in the matter, even were they willing to do so. The Treaty of 1855 is a joint Treaty with France, and the French Government would presumably require to be parties to any new Treaty; but it would be very seriously extending the obligations of this country, and increasing the possibility of future political difficulties, for Her Majesty's Government to enter into a Treaty with France which contemplated the joint enforcement of the continued payment of the Tribute under all circumstances. Moreover, the other Governments who were parties to the Treaty of 1840 might insist upon being consulted, and questions might be raised into which it would be highly impolitic and inexpedient to enter in the present condition of affairs in the Levant.

The question, therefore, is not merely what should be done if a portion only of the tribute should at any time be remitted, but whether Her Majesty's Government can properly, under existing circumstances, by undertaking the distribution of the funds, assure the continuance of the payment of the tribute at all. Lord Derby feels confident that it would be most imprudent to undertake any such obligation, whether real or apparent, unless secured by a Treaty with the Porte. Even if the objections to a Treaty, which I have indicated, could be surmounted—and there are others which will readily occur to the Board of Treasury—it would be highly probable that the Treaty would itself prove ineffectual from the unwillingness to resort to extreme measures for enforcing its execution.

In view of all these considerations, it appears to Lord Derby that it would be most undesirable to undertake to enter into a new Treaty, and that without a Treaty the Government would not be justified in accepting the obligation of undertaking the distribution of the tribute funds.

So far as any practical result would be attained, the distribution of the funds would be as well secured in the hands of the Governor of the Bank of England as in those of the Chancellor of the Exchequer, and Lord Derby would recommend that the proposal of Messrs. Palmer and Bouverie should be amended in this sense. If this were done Her Majesty's Government might undertake to recommend to the Porte, through Mr. Layard, to come to terms with the bondholders on the basis of the proposal made by Messrs. Palmer and Bouverie to the Turkish financial agents, in their letter of the 5th July, with, of course, an understanding that the Guaranteed Loan of 1855 should be duly provided for.

Mr. Layard has already been instructed, in the despatch, a copy of which was sent to the Treasury on the 15th ultimo, to use his best efforts to induce the Porte to agree to the arrangement proposed by the bondholders of the 1854 Loan, advocated in your letter of the 9th ultimo; and Lord Derby cannot but hope that the result of Mr. Layard's representations, which have already brought about the Financial Mission to England, may be to procure for the bondholders a satisfactory settlement without entailing upon Her Majesty's Government any fresh obligations.

I am, &c.
(Signed) TENTERDEN

No. 227.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, July* 17, 1877.

WITH reference to my letter of the 13th instant, I am directed by the Earl of Derby to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, the accompanying copy of a despatch to Mr. Layard, informing his Excellency of a conversation with the Turkish Ambassador respecting the Egyptian Tribute Loan.*

I am, &c.
(Signed) TENTERDEN.

No. 228.

The Earl of Derby to Mr. Layard.

(No. 322.)

Sir, *Foreign Office, July* 17, 1877.

I ENCLOSE for your Excellency's information copies of correspondence as marked in the margin,† on the subject of the Egyptian Tribute Loans.

I am, &c.
(For the Earl of Derby),
(Signed) TENTERDEN.

No. 229.

The Earl of Derby to Mr. Layard.

(No. 323.)

Sir, *Foreign Office, July* 17, 1877.

WITH reference to my despatch No. 322 of the 17th instant, inclosing copies of correspondence with the Treasury respecting the Egyptian Tribute Loans, I have to inform your Excellency that the Turkish Ambassador mentioned to me to-day that he had been made acquainted with the proposals for an adjustment of these loans received by the Turkish financial agent in London from Messrs. Palmer and Bouverie, and that although not officially and formally authorized to say so, he thought that he could state with confidence that he would be enabled to come to an arrangement with the bondholders on the basis of their proposals.

I said that I was glad to learn that he felt prepared to come to a settlement satisfactory to the bondholders, and that I would at once communicate with the Board of Treasury, with whom I was in correspondence upon the subject.

I am, &c.
(Signed) DERBY.

No. 230.

Mr. Barrett to the Earl of Derby.—(*Received July* 18.)

My Lord, 44, *Hammersmith Road, W., July* 16, 1877.

NOW that the case of the bondholders of this loan is under the consideration of the Government, I think it right to inform your Lordship that the self-constituted Association known as the "Egyptian Tribute Bondholders' League" have no right whatever to compromise the claims of the bondholders of this loan.

I and several members of my family are holders of these bonds to a large amount, and we protest against any compromise whatever.

And we trust that your Lordship will insist upon the Turkish Government carrying out the Firman of the Sultan, and the terms of the general bond of this loan, pure and simple.

I have, &c.
(Signed) EDWARD ALFRED BARRETT.

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* No. 229. † Nos. 224 and 226.

No. 231.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received July 19.)

My Lord, *Treasury Chambers, July* 19, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State, a copy of a letter dated the 17th instant, which my Lords have caused to be addressed to Messrs. Palmer and Bouverie, relative to certain proposals by the bondholders of the Turkish Loans of 1854 and 1871.

I am, &c.
(Signed) W. H. SMITH.

Inclosure in No. 231.

Mr. W. H. Smith, M.P., to Messrs. Palmer and Bouverie.

Gentlemen, *Treasury Chambers, July* 17, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that my Lords have given their best consideration to your letters of 5th, 23rd, and 29th ultimo, on the subject of the Turkish Loans of 1854 and 1871, and have communicated with the Earl of Derby upon the same.

Your proposals, as well as those of Zuhdy Effendi and Mr. M. H. Foster, are intended to effect a rearrangement of the claims of three different classes of creditors of the Ottoman Government who stand upon distinct grounds, but who have a common interest in a particular branch of the revenue of the Porte, viz., the tribute now paid by the Khedive of Egypt.

This tribute is at present regularly paid by the Khedive into the Bank of England, and, when received there, is held by the Directors to be applicable to the service of the three Loans of 1854-1855 (in part) and 1871 respectively, and to no other purpose. But the direct authority of the Turkish Ambassador is required on the occasion of every separate payment; and without that authority the Bank are unable to pay any money whatever to the bondholders for whom they hold it; so that when, as has lately been the case, the Porte directs that only half the stipulated interest be paid to any of its tribute creditors, the residue of the tribute, after making the half payment, remains in the Bank and is not touched by anyone.

You desire to put an end to this inconvenient state of things by making a new arrangement, under which the bondholders of 1854 and 1871 respectively should submit to some reduction in the rate of interest and sinking fund to which they are, under the terms of their bargains with the Porte, entitled; while the Porte in return should abandon all right of controlling in detail the application of the tribute after it has once been paid over by the Khedive, and should leave its distribution among the creditors, under the new scheme which is to be agreed on, to be conducted by an independent authority.

You ask the opinion of Her Majesty's Government on the general features of this proposal.

In reply to this request, I am in the first place to remark that Her Majesty's Government have no privity with the Loan of 1871, and can offer no advice to those who are interested in it. They have, however, consented, under the special circumstances of the case, to use their good offices on behalf of the bondholders of 1854; and they have instructed their Ambassador at Constantinople to support proposals which they understand to have been submitted to the Porte by or on behalf of those gentlemen. They are equally prepared now to recommend the Porte to come to terms with this class of bondholders, on the basis proposed by you in your letter addressed to the Turkish financial agents on the 5th instant, with the understanding, however, that the distribution of the tribute shall be undertaken by some independent authority, such as the Bank of England, and not by Her Majesty's Government, there being, in their opinion, grave objections to the latter course.

I am, &c.
(Signed) W. H. SMITH.

No. 231*.

Mr. Layard to the Earl of Derby.—(Received July 11.)

(No. 702.)
My Lord, *Therapia, June* 30, 1877.

WITH reference to Mr. Macdonnell's despatch to your Lordship No. 253 of the 16th instant, informing your Lordship that the Russian Government had made arrangements for bringing out a loan for 107,000,000 marks in Berlin, Amsterdam, and Paris, I beg to observe that when the Turkish Government asked me whether it would be permitted to raise a loan in England, I referred it to the principle laid down by distinguished writers on international law, that for a Government to sanction such a loan would be a breach of neutrality (see, for instance, Calvo, "Droit International," 2nd edition, vol. 2, p. 307.)

The Grand Vizier has since called my attention to the fact that, whilst the British Government would give no sanction to an attempt on the part of Turkey to obtain a loan in England, it was well known that Russia had been able to raise money at Paris through the assistance of the French Government, and that she was about to raise some in Germany.

I have, &c.
(Signed) A. H. LAYARD.

No. 232.

Lord Tenterden to Mr. Barrett.

Sir, *Foreign Office, July* 19, 1877.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 16th instant, protesting against the Egyptian Tribute Bondholders' League in any way compromising the claims of the bondholders of the Turkish Loan of 1854.

I am, &c.
(Signed) TENTERDEN.

No. 233.

The Earl of Derby to Mr. Layard.

(No. 351.)
Sir, *Foreign Office, July* 19, 1877.

I HAVE received your Excellency's despatch No. 702 of the 30th ultimo, reporting an observation made to you by the Grand Vizier, to the effect that Russia had been able to raise money at Paris through the assistance of the French Government, whilst Her Majesty's Government would give no sanction to an attempt on the part of Turkey to obtain a loan in England, and referring to the answer which you had given on a former occasion to an inquiry made by the Porte as to whether it would be permitted to raise a loan here; and I have to point out to your Excellency that Government sanction is not required for raising loans in this country, and that they have been raised here by the belligerents in former wars.

I am, &c.
(Signed) DERBY.

No. 234.

The Earl of Derby to Mr. Layard.

(No. 362.)
Sir, *Foreign Office, July* 24, 1877.

WITH reference to my despatch No. 322 of the 17th instant, I transmit to your Excellency herewith, for your information, a copy of a letter from the Treasury, forwarding copy of a letter which the Lords of the Treasury have addressed to Messrs. Palmer and Bouverie relative to certain proposals made by the bondholders of the Turkish Loans of 1854 and 1871.*

I am, &c.
(Signed) DERBY.

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* No. 231.

No. 235.

The Earl of Derby to Lord Lyons.

(No. 431.)

My Lord, *Foreign Office, July 25, 1877.*

I TRANSMIT herewith, for your Excellency's information, copies of the correspondence respecting the Turkish Loans of 1854, 1855, and 1871, and certain proposals by the bondholders of the Loans of 1854 and 1871.*

I am, &c.
(Signed) DERBY.

No. 236.

The President of the Ottoman Syndicate to the Earl of Derby.—(Received July 27.)

Excellence, *Paris, le 26 Juillet*, 1877.

NOUS avons eu l'honneur d'adresser à votre Excellence, en date du 2 Octobre dernier, notre projet de la conversion et de l'unification de la dette Turque.

Aujourd'hui nous avons l'avantage, M. le Ministre, de vous transmettre ci-inclus un autre exemplaire de notre projet, où des modifications importantes ont été introduites, et que notre délégué spécial, M. le Comte de Kératry, actuellement à Constantinople, est chargé par nous de faire prévaloir auprès de la Sublime Porte.

Etant honorés de la protection bienveillante du Gouvernement Français, nous osons espérer que votre Excellence voudra bien nous prêter son appui puissant dans une œuvre si patriotique par l'entremise de M. l'Ambassadeur d'Angleterre à Constantinople.

Nous avons, &c.
Président représentant des Porteurs de la Dette Turque,
(Signé) J. DE NAS-BEY.

(Signé) BENOIT LEFSTEIS, *Secrétaire.*

No. 237.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, July 30, 1877.*

I AM directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, for any observations they may wish to make thereon, a copy of a letter from a French Committee of Turkish Bondholders, styling themselves the Ottoman Syndicate, inclosing a copy of their project for the conversion and unification of the Turkish Debt, and soliciting the support of Her Majesty's Government.†

I am, &c.
(Signed) TENTERDEN.

No. 238.

Mr. W. H. Smith, M.P., to Lord Tenterden.—(Received July 31.)

My Lord, *Treasury Chambers, July 30, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State, and of the French Government, a copy of a letter, dated the 28th instant, from the Chief Cashier of the Bank of England, stating that provision has been made for the interest and commission, due on the 1st proximo, on the Imperial Ottoman Guaranteed Loan of 1855.

I am, &c.
(Signed) W. H. SMITH.

Inclosure in No. 238.

Mr. May to Mr. W. H. Smith, M.P.

Sir, *Bank of England, E.C., July 28, 1877.*

WITH reference to my letter of the 25th instant, I am directed to inform you, for the information of the Lords Commissioners of Her Majesty's Treasury, that provision

* No. 226 and Inclosure in No. 231. † No. 236.

has now been made for the interest and commission, due the 1st proximo, on the Imperial Ottoman Guaranteed Loan of 1855.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 239.

Mr. Layard to the Earl of Derby.—(Received August 1.)

(No. 822. Confidential.)

My Lord, *Therapia, July 23, 1877.*

THE Count de Keratry has come to Constantinople, as the representative of French holders of Turkish bonds, to propose an arrangement to the Porte on their behalf. He has asked me to give him any support that I might have it in my power to afford him, and he has been good enough to inform me of the conditions that he is authorized to submit to the Turkish Minister of Finance. They are the following:—

All the Turkish loans, except those of 1854, 1855, and 1871, with which he does not intend to meddle, are to be consolidated, and a general series of bonds are to be issued, the highest being for 500 fr. Interest at 2 per cent. to be paid upon them for the first year, and 3 per cent. subsequently, to be increased hereafter should the financial position of the Empire admit. The payment of interest to begin after the conclusion of peace.

The guarantees to be given for the payment of the interest on this consolidated debt are to be the indirect taxes and customs and the tax on sheep. All other sources of revenue hitherto assigned as guarantees for the foreign debts of Turkey are to be released, except, of course, the Egyptian tribute. The taxes and customs duties assigned for the payment of the interest on the consolidated debt to be collected through the Imperial Ottoman Bank, and the amount required to be paid by the Bank direct to the bondholders.

The Count de Keratry informs me that the Grand Vizier and Minister of Finance, to whom this proposal has been submitted, are not disinclined to entertain it; but that the latter has suggested that the consolidated debt should bear interest at 1 per cent. for the first year, 2 per cent. for the second, and 3 per cent. for the third and following years.

I asked M. de Keratry whether he was in communication with any persons representing the English bondholders, and was authorized to speak in their name. He replied that M. Poujade, one of the representatives of the French bondholders in Paris, was in correspondence with Mr. Bouverie, the Chairman of the Council of Foreign Bondholders, and that he would probably write to me on the subject. I observed to M. de Keratry that I should not consider myself authorized to give him any support until the interests of the English bondholders were fully considered and represented and I had received instructions from your Lordship on the subject.

I have, &c.
(Signed) A. H. LAYARD.

No. 240.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, August 3, 1877.*

I AM directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords of the Treasury, for such observations as they may wish to make thereon, a copy of a despatch from Her Majesty's Ambassador at Constantinople relative to the visit of Count de Keratry to Constantinople, as the representative of French holders of Turkish bonds, and giving some details as to the scheme which he is authorized to propose to the Porte on their behalf.*

I am, &c.
(Signed) TENTERDEN.

No. 241.

The Earl of Derby to Mr. Adams.

(No. 464.)

Sir, *Foreign Office, August 9, 1877.*

I TRANSMIT herewith, for your information, a copy of a letter from the Treasury† inclosing a notification from the Chief Cashier of the Bank of England, stating that provision

* No. 239. † No. 238.

has been made for the interest and Commission, due the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855, and I have to instruct you to communicate this information to the French Government.

I am, &c.
(Signed) DERBY.

No. 242.

Lord Lyons to the Earl of Derby.—(Received August 11.)

(No. 562.)
My Lord, *Paris, August 10, 1877.*

IN compliance with the instructions contained in your Lordship's despatch No. 464 of yesterday, I have communicated to the French Government the information supplied by the Chief Cashier of the Bank of England that provision has been made for the interest and commission, due on the 1st instant, on the Imperial Ottoman Loan of 1855.

I have, &c.
(Signed) LYONS.

No. 243.

Mr. Layard to the Earl of Derby.—(Received August 17.)

(No. 922.)
My Lord, *Therapia, August 10, 1877.*

WITH reference to my despatch No. 600 of the 12th of June last, I have the honour to inclose copy of the Porte's reply to the representations which I made, by your Lordship's instructions, with regard to the Loans of 1854 and 1871.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 243.

Server Pasha to Mr. Layard.

M. l'Ambassadeur, *Sublime Porte, le 9 Août*, 1877.

LE Ministère Impérial a reçu en son temps la note que votre Excellence a bien voulu lui adresser le 11 Juin, relativement à l'Emprunt Ottoman de 1854.

J'ai l'honneur de porter à la connaissance de votre Excellence qu'un arrangement est sur le point d'être conclu à Londres entre Zuhdy Effendi, Délégué du Gouvernement Impérial, et les détenteurs des deux Emprunts de 1854 et 1871. Cet arrangement donnera satisfaction aux intérêts recommandés à la Sublime Porte par le Gouvernement de Sa Majesté Britannique.

Veuillez &c.
(Signé) SERVER.

No. 244.

Mr. Law to Lord Tenterden.—(Received August 29.)

My Lord, *Treasury Chambers, August 28, 1877.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to send you herewith, for the information of the Secretary of State for Foreign Affairs, a copy of a letter from Mr. E. A. Barrett, dated the 17th instant, and addressed to the Chancellor of the Exchequer, and likewise copies of the inclosures which accompanied it, relating to the subject of the Turkish Tribute Loan of 1854.

I have, &c.
(Signed) WILLIAM LAW.

Inclosure in No. 244.

Mr. Barrett to Sir S. Northcote.

Sir, 44, *Hammersmith Road, W., August 17, 1877.*

I BEG to call your attention to the Terms of Arrangement lately proposed by the Special Financial Commissioners of the Turkish Government to the bondholders of this loan (see No. 1), and I also beg to call your attention to a Memorandum showing what would be the result of the proposed surrender of part of the interest and sinking fund of same loan (see No. 2).

Mr. Palmer, the Governor of the Bank of England, and the Special Financial Commissioners of the Turkish Government now in London, are, I believe, now engagd in carrying out these terms of arrangement, which terms, I submit, are inadmissible and illegal for the following reasons.

The bondolders of the 1854 Loan have no power to surrender to the Turkish Government any portion of their interest or sinking fund without the consent of the English and French Legislatures, because such concession would seriously trespass upon the Convention of 1855 between England, France, and Turkey, and the Act of Parliament 18 & 19 Vict. cap 99, and I will, as briefly as I can, explain.

The 1854 Loan is the first mortgage upon the Egyptian tribute of 282,000*l.* per annum. The annual sum taken from this tribute to pay the interest and sinking fund of this loan amounts to 210,000*l.* per annum, leaving a balance of 72,000*l.* per annum not required for this loan.

The Guaranteed Loan of 1855 is the second mortgage upon the same tribute, and receives the balance of 72,000*l.* per annum, the remainder of the money required for payment of the annual interest and sinking fund of this Guaranteed Loan being supplied by the Turkish Government from other sources.

The sinking fund of the 1854 Loan is cumulative, and it is annually augmented by the interest of its drawn bonds.

By means of this sinking fund the 1854 Loan will become extinguished in 1889, and thereupon the Guaranteed Loan will become the first and only mortgage upon the tribute of 282,000*l.* per annum. If the sinking fund of the 1854 Loan be in any way reduced, then the extinction of the 1854 Loan will, of course, be prolonged beyond 1889, and the Guaranteed Loan will be debarred from the accession to the 210,800*l.* per annum in 1889, and will still remain the second mortgage on the same tribute.

It is, therefore, clear beyond doubt that any surrender by the bondholders of the 1854 Loan to the Turkish Government of either the interest or the sinking fund of that loan could not fail to prevent the Guaranteed Loan succeeding to the 210,000*l.* per annum in 1889, and would thus exclude the British and French Governments from acquiring in that year very nearly three-fourths of the security granted to them by their Convention with Turkey and confirmed by the above-mentioned Act of Parliament.

And it is equally clear that such surrender would be a serious trespass upon that Convention and Act of Parliament.

I have therefore, I trust, clearly shown that the inclosed terms of arrangement would be a great encroachment upon the security of the Guaranteed Loan (whilst the 1854 Loan will be robbed of 111,000*l.* per annum), and these terms could not legally be carried out without a special Act of Parliament for that purpose.

As a bondholder of the 1854 Loan, I beg of you to make these facts officially known to the Turkish Government before that Government proceeds to divert part of the tribute upon which the Loans of 1854 and 1855 are secured.

I have, &c.
(Signed) EDWARD ALFRED BARRETT.

(No. 1.)

Terms of Arrangement proposed by the Imperial Ottoman Government to the Holders of the Bonds of the 1854 and 1871 Ottoman Loans.

1. That the bondholders shall consent to a reduction in the rate of interest and sinking fund to 5 per cent. per annum (including ½ per cent. sinking fund)* on the 1854 Loan, and a reduction of the interest of the 1871 Loan to 4½ per cent. per annum

* 5¼ substituted at meeting of July 24.

(including ½ per cent. sinking fund); such interest and sinking fund to be calculated and payable on the existing nominal amounts of the respective loans, say, 1,800,300*l.* of the 1854 Loan, and 5,378,700*l.* of the 1871 Loan.

2. That on the extinction of the 1854 Loan, the whole of the annual sum theretofore applicable to the service of that loan shall be applied as an additional sinking fund on the Loan of 1871.

3. That in consideration of such reduction of interest ands inking fund, the payment of so much annually of the Egyptian tribute as will be sufficient to meet such reduced interest and sinking fund shall be secured inalienably to those objects, entirely free from the control or interference of the Imperial Ottoman Government, as follows:—

The Imperial Government will, by an Imperial Firman, direct the Khedive of Egypt to remit the necessary portion of the tribute for such a number of years as will be sufficient to extinguish the loans, to whomsoever the bondholders may direct, free of all control and interference by the Imperial Government. And the Khedive of Egypt, on his part, will acknowledge such direction, and will bind himself so to remit that portion of the tribute.

The Imperial Government will officially notify this, its irrevocable act, to the British Government; and the Khedive of Egypt will, at the instance of the Imperial Government, undertake to permit, through the Financial Commission lately established in Egypt, the amount of the tribute, which is the first charge on the entire revenues of Egypt.

4. That the existing bonds of the 1854 and 1871 Loans shall be exchanged for substituted bonds, on which all these acts shall be fully set forth.

(No. 2.)

Memorandum.

Turkish Tribute Loan of 1854.

	£	£
Present amount pledged to this loan, viz., 108,000*l.* interest and 102,000*l.* sinking fund		210,000
Offered by Turkish Government—		
5 per cent. interest on 1,800,000*l.*	90,000	
½ per cent. sinking fund	9,000	
		99,000
To be annually surrendered		111,000

N.B.—This sinking fund will be 200 years extinguishing the loan.

August 1877.

No. 245.

Lord Tenterden to Mr. W. H. Smith, M.P.

Sir, *Foreign Office, August* 31, 1877.

I HAVE laid before the Earl of Derby your letter of the 28th instant, forwarding a copy of a letter addressed by Mr. E. A. Barrett to the Chancellor of the Exchequer, in regard to the arrangement proposed by the special Financial Commissioners of the Turkish Government to the bondholders of the Tribute Loan of 1854; and I am to request you to move the Lords Commissioners of the Treasury to favour his Lordship with their opinion on this letter, and to inform him what answer it is proposed to return to Mr. Barrett.

I am, &c.
(Signed) TENTERDEN.

No. 246.

Mr. Layard to the Earl of Derby.—(Received September 12.)

(No. 1049.)
My Lord, *Therapia, September* 5, 1877.

I AM informed that the Turkish Minister of Finance reckons upon getting about 2,500,000*l.* sterling from the loan which is now negotiating in London on the security of the Egyptian tribute. He is already obtaining 1,000,000*l.* sterling in advance. By a financial operation with caimés held in deposit by the Imperial Ottoman Bank, the Porte hopes to be able to meet the expenses of the war for five or six months to come without any new issue of caimés.

M. de Kératry, the representative at Constantinople of the French holders of Turkish bonds, states to me that the Council of Ministers has accepted, with some modifications, the arrangement he has proposed for the consolidation of the Turkish loans, exclusive of that guaranteed by the Egyptian tribute, to which I referred in my despatch to your Lordship, No. 822, of 23rd July. He tells me that he expects that the Council of Foreign Bondholders in London will agree to the French proposal, and that I shall be requested to give it such unofficial support as I properly can. But I have heard nothing as yet on the subject from England.

I have, &c.
(Signed) A. H. LAYARD.

No. 247.

Mr. Layard to the Earl of Derby.—(Received September 28.)

(No. 1083. Confidential.)
My Lord, *Therapia, September* 17, 1877.

M. FREING, the President or Governor of the Crédit Foncier of France, has made certain proposals to the Turkish Government, through agents here, for a loan guaranteed upon the coal mines of Heraclea and the copper mines of Argana, and has offered to come to Constantinople, if invited by the Sultan himself, to examine the condition of the finances of Turkey, and to submit to the Porte a plan for their reform. M. Fréing appears to attach great importance to a personal invitation from the Sultan. The Grand Vizier does not object to consider and discuss any plan that M. Fréing may have to propose; but he fears that he might hereafter be exposed to the charge of having committed himself to accepting it, and to future trouble, should he send that gentleman the invitation he requires. Moreover, the Porte is not probably disposed to enter upon so important a matter as the reform of its finances in the present critical state of its affairs.

I have the honour to inclose copy of the proposal for a loan made by M. Fréing's agents, MM. Reisser and Tannyon, which has been given to me confidentially.

When M. Fréing first entered into communication with the Grand Vizier on this subject, he had suggested, I was informed, that an English Commissioner should be named to inquire with himself into the state of the finances of Turkey, and to recommend and carry out a scheme for their reform. In the correspondence which has recently taken place with M. Fréing there is no mention, I believe, of any English participation in the arrangements that he is prepared to submit to the Porte. He is, however, employing Mr. Hanson, a well-known English banker of Constantinople, as one of his agents.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 247.

Proposition of Loan made by M. Reiser and M. Tannion.

UN prêt sera fait au Gouvernement Impérial Ottoman, pour la durée de quatre années, de la somme de 2,500,000*l.* Turques, moyennant un intérêt annuel de 12 pour cent, payable d'avance.

Comme garantie de ce prêt, le Gouvernement Impérial Ottoman engagerait ses mines de Héraclée et de Argana-Iokat, et sous la forme suivante:—

Le Gouvernement ferait une simple cession des deux propriétés à titre de gage pour être retrocédé après paiement intégral du capital à l'expiration des quatre années du prêt.

En cas de non-paiement, le gage passerait de droit à l'état de concession pour quatre-vingt-dix-neuf ans, avec l'obligation pour les prêteurs de faire rendre le plus possible aux deux concessions et de donner au Gouvernement la moitié des bénéfices nets, après tous frais payés, y compris l'intérêt et l'amortissement des 2,500,000*l.* Turques prêtées comme ci-dessus, et l'intérêt et l'amortissement du nouveau capital que les prêteurs devront mettre pour l'exploitation des deux concessions.

Ce nouveau capital sera déterminé d'avance et de façon à répondre largement à l'importance des dites mines, afin d'en améliorer les travaux et par suite leur rendement.

Ratification à Paris, vingt jours après la date du consentement à Constantinople. Commission à payer une fois pour toutes et par Constantinople 2½ pour cent du montant, ce qui porte cette commission à $\frac{5\text{ cent.}}{8}$ pour cent par année.

Considérants : Dans l'état actuel des deux mines susdites le Gouvernement Impérial retire à peu près :—

	L. T.
1. D'Héraclée, en calculant le charbon employé par lui-même à 30 fr. la tonne, un bénéfice net par an de	60,000
2. D'Argana rendement inespéré et le plus haut obtenu dernièrement . ..	40,000
Soit donc en total annuement	100,000

Or, rationnellement exploités, ces deux mines, avec un nouveau capital d'exploitation maximum de 2,500,000 livres Turques bien employés (y compris toutes les améliorations de travail, routes, et chemins de fer nécessaires pour le service), pourront aisément produire annuellement :—

	L. T.
(*a.*) Héraclée	1,000,000
(*b.*) Argana..	500,000
Soit donc ensemble, environ	1,500,000

Et dès lors, la moitié des résultats à obtenir étant acquis au Gouvernement Impérial, il y a non-seulement la certitude de couvrir l'intérêt et l'amortissement (à 13 pour cent par an) d'un capital de 5,000,000 livres Turques, mais aussi celle d'un bénéfice dépassant dans sa moitié acquise au Gouvernement considérablement le chiffre qu'il en retire actuellement, de façon qu'il est bien permis de dire que non-seulement le Gouvernement Impérial obtient le susdit prêt *gratis*, sans jamais avoir à se préoccuper de son remboursement, mais encore il reste propriétaire de ses deux mines les plus riches, qu'il ouvra à l'exploitation d'une façon considérable son propre revenu, et qu'il assure par un travail stable et régulier le bien-être matériel des milliers de ses sujets, tout en portant l'activité la vie et, par conséquent, une immense plus-value pour le fisc dans deux de ses plus belles contrées.

(Signé) A. L. DE TANNYON.
E. REISER.

Constantinople, le 5 Mai, 1877.

En vertu des lettres reçues de Paris dans l'intervalle, nous sommes autorisés de déclarer que M. Louis Frémy, ancien Gouverneur du Crédit Foncier de France, au nom duquel nous agissons, est convaincu qu'étant appelé à Constantinople pour service public, et d'accord avec son Excellence M. le Ministre des Finances, ils pourront trouver entre eux deux, une combinaison qui donnerait immédiatement beaucoup plus d'argent au Gouvernement Impérial, que ce que nous avons indiqué dans notre susdite proposition.

(Pour A. Louis de Tannyon, actuellement absent),
(Signé) E. REISER.

Constantinople, le 4 Septembre, 1877.

Je certifie qu'il résulte des lettres que j'ai reçues de M. Louis Frémy, qu'il maintient l'offre faite de se tenir à la disposition du Gouvernement Impérial pour la réorganisation des finances. Quand le moment en sera venu, et en attendant et pour venir immédiatement en aide au Gouvernement Impérial, il n'attend qu'une invitation officielle pour se

rendre à Constantinople, où il voudrait combiner l'affaire susdite et d'autres s'il y a lieu avec son Excellence le Ministre des Finances.

Ainsi appelé officiellement pour service public, j'ai la conviction que l'arrivée à Constantinople de M. Frémy tournerait à l'avantage majeur du Gouvernement Impérial, et lui créerait immédiatement des ressources si urgentes actuellement.

(Signé) H. J. HANSON.

Constantinople, le 4 Septembre, 1877.

No. 248.

Mr. Welby to Lord Tenterden.—(Received October 2.)

My Lord, *Treasury Chambers, October 1*, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to call the attention of the Secretary of State to the recent correspondence on the subject of the loans effected by the Imperial Ottoman Government in 1854, 1855, and 1871, a copy of which, in print, I forward herewith.

Lord Derby will recollect that my Lords in their letter of the 16th July, 1877, addressed to Messrs. Palmer and Bouverie, stated that Her Majesty's Government had consented, under the special circumstances of the case, to use their good offices on behalf of the bondholders of 1854, and that they would be prepared to recommend the Porte to come to terms with this class of bondholders upon the basis proposed by Messrs. Palmer and Bouverie in their letter addressed to the Turkish Financial Agents on the 5th of July, with the understanding, however, that the distribution of the tribute should be undertaken by some independent authority, such as the Bank of England, and not by Her Majesty's Government. My Lords have now received from Messrs. Palmer and Bouverie a letter, dated the 21st ultimo, announcing that it had been resolved at a meeting of the bondholders of the Loan of 1854 to accept the terms of compromise offered by the Turkish Government, and inclosing a copy of the contract subsequently concluded between Messrs. Palmer and Bouverie, on the part of the bondholders, and Zuhdy Effendi and Mr. Foster, on behalf of the Turkish Government.

I am to inclose, for the information of Lord Derby, a copy of this letter and of the contract, and I am to ask you to call his attention to the request of Messrs. Palmer and Bouverie, that Her Majesty's Government would express a wish to the Bank of England that the person to operate upon the account to which the Egyptian tribute, or so much of it as is required, will be paid, should be the Governor of the Bank of England for the time being.

As the new contract has a certain bearing upon the Loan of 1855 guaranteed by the Governments of France and England, my Lords think it necessary, in the first place, to submit it to the French Government, and to obtain their concurrence, before a reply is returned to Messrs. Palmer and Bouverie; I am accordingly to state shortly the position of the loans, and the effect which, in the opinion of the Board, the contract will have upon the security held by the two Governments, in the hope that such a statement may be of assistance to the Secretary of State in bringing the case before the Duc Decazes.

The Porte borrowed a sum of money in 1854 at 6 per cent. interest, with 1 per cent. sinking fund, on the security of the Egyptian tribute, which is more than sufficient to meet this, the first-charge upon it.

The Porte contracted subsequently other debts, some of them being charged on the residue of the Egyptian tribute as it stood in 1854, or upon the further amount of tribute fixed in 1866; and it finds itself unable to pay the charge of these debts in full.

Under these circumstances it comes to the conclusion that it must reduce the amount which it ought to pay to its creditors; and it makes but one distinction, viz., that in favour of its two powerful creditors, the Governments of France and England.

The tribute continues to be regularly paid into the Bank of England by the Khedive of Egypt, and it is held by the Bank for the benefit of the secured creditors alone; but the Porte has prevented their getting more than half of what is due to them, and the balance remains untouched. This it does by virtue of what may perhaps be considered an oversight in the terms of the original bargain; but whether this be so or not, it is quite clear that the creditors cannot get their money except with the special sanction of the Porte for each instalment, and it is also clear that the Porte will not give this sanction in full, and that it will not abandon its claim to withhold it at pleasure unless it gets some advantage from its creditors in return.

The creditors of 1854 on their side, feeling the difficulty of their position, and perhaps anticipating the possibility of still further encroachments, are willing to surrender a portion of their claims in order to secure the remainder; and they have concluded (as it appears) an arrangement, by which the Porte gives up its arbitrary power over the tribute, or so much of it as is still to be paid into the Bank of England, while the creditors on their part consent to accept 5*l.* per cent. interest instead of 6*l.*, and a sinking fund of ½ instead of 1 per cent.

The result of this arrangement will be that only 99,500*l.* a-year will be required out of the original Egyptian tribute to meet the claims of the bondholders of 1854, instead of 210,000*l.* as at present, being a saving of about 110,000*l.* a-year.

Now, the amount of the original Egyptian tribute was 282,000*l.*; and, as the Guaranteed Loan of 1855 was secured on the balance of the tribute after satisfying the creditors of 1854, a sum of 72,000*l.* a-year was available for the second body of creditors, or, in other words, for the Guaranteeing Powers—England and France.

But this amount was not alone sufficient to meet the charge for the Guaranteed Loan of 1855, and other funds had always to be provided, and always have hitherto been provided, by the Porte.

This point must not be lost sight of, for the obligation of the Porte to provide the sum required to meet the claims of the bondholders of 1855 will remain in full force, whatever may be the arrangements made by the Porte with the bondholders of 1854, and the ability of the Porte to fulfil that obligation will not be diminished by an alteration which relieves it from a charge of 110,000*l.* a-year.

Consequently, so far as the interests of the guarantors of the Loan of 1855 are concerned, it cannot be said that the bargain now in course of being concluded is an unfavourable one.

It is true that the great reduction which is to be made in sinking fund of the Loan of 1854 will keep that loan alive longer than had been anticipated when the guarantee of 1855 was given; and it may be argued that the Guaranteeing Powers will thus be kept out of their special security (the balance of the Egyptian tribute) for an unduly long time. My Lords, however, do not attach much weight to this argument. The balance of the original Egyptian tribute is not, and never has been, sufficient to meet the liability for which the Powers are responsible. It has always been supplemented out of the general resources of the Turkish Government, and it will continue to be so supplemented after the new arrangement as it was before.

My Lords are not aware that the Guaranteeing Governments can claim more than this, or that (if the debt of 1854 were now paid off) those Governments would have a Treaty-right to demand that the tribute should continue to be paid into the Bank for their own benefit. They would require that the interest of the Loan of 1855, as it fell due, should be regularly met out of the general revenues of the Turkish Empire, and that Empire would be better able to meet the charge if it had made a favourable arrangement with its other creditors than if it had not.

My Lords are on these grounds disposed to favour the scheme put forward by Messrs. Palmer and Bouverie, and agreed to by the Turkish Government, and they would be glad to learn that the French Government are of the same opinion.

They incline, however, to think that advantage might be taken of the opportunity to stipulate with the Porte that, after the Loan of 1854 is extinguished, the original tribute or so much of it as will continue payable under the new arrangement, should continue to be paid into the Bank of England until the Loan of 1855 has been also extinguished.

My Lords would be glad to learn the opinion of the Secretary of State and of the French Government upon this point.

I am, &c.
(Signed) R. E. WELBY.

Inclosure 1 in No. 248.

Messrs. Palmer and Bouverie to Sir S. Northcote.

Sir, *London, September* 21, 1877.

WITH reference to Mr. Smith's letter of the 17th July, we have now the honour to inform you that, acting on the suggestion therein contained, a meeting of the bondholders of the Loan of 1854 was held on the 24th July, at the Cannon Street Hotel, when it was resolved to accept the terms of the compromise offered by the Turkish Government; and, in order that you may see clearly the nature of the arrangement, we inclose a copy of the Contract.

The effect of this contract, you will observe, is that, in lieu of 210,000*l.* which has hitherto been required from the Egyptian tribute for the service of the Loan of 1854, the annual amount is reduced to 99,511*l.* 11*s.* 7*d.* The main consideration which the Turkish Government give for this concession is the absence of all future interference by the Turkish Ambassador, or any other Turkish authority, in the payment of the money to the agents of the loan.

You will observe that the 72,000*l.* applicable to the service of the Guaranteed Loan of 1855 will be remitted, as heretofore, in conjunction with the money destined for the service of the first loan, and will, of course, be subject to the same conditions of payment. Mr. Smith, in the letter referred to, intimates that Her Majesty's Government must decline to undertake the duty of acting upon the account at the Bank of England, but suggests that such duty may be entrusted to the Bank itself.

To enable us with greater facility to prevail upon the Bank of England to undertake this duty, we hope that Her Majesty's Government will communicate their opinion upon the subject direct to the authorities of that Establishment, suggesting and expressing their wish that the person to operate on the account should be the Governor of the Bank of England for the time being.

We have, &c.
(Signed) EDWD. HOWLEY PALMER.
E. P. BOUVERIE.

Inclosure 2 in No. 248.

Agreement as to Ottoman Loan, 1854, dated September 17, 1877.

An Agreement made the 17th day of September, 1877, between his Excellency Zuhdy Efendy, Under Secretary of State for Finance of the Imperial Ottoman Empire, Director-General of the Mines and Forests, Governor of the General Debt, and decorated with the Order of the Medjidie of the Second Class, now temporarily residing in London, acting under the authority of His Imperial Majesty the Sultan, and on behalf of the Imperial Ottoman Government, of the one part; Edward Howley Palmer, of King's Arms Yard, in the City of London, Esquire, and the Right Honourable Edward Pleydell Bouverie, of Wilton Crescent, in the County of Middlesex, one of Her Majesty's Privy Councillors, acting as agents and representatives of the holders of bonds of the Imperial Turkish 6 per cent. Loan, 1854, of the other part:

WHEREAS in the year 1854 a loan of 3,000,000*l.* was raised on behalf of His Majesty the Sultan, and was represented by certificates or bonds to bearer, with coupons for interest at the rate of 6 per cent. per annum, payable half-yearly on each 10th day of April and 10th day of October; and by the general bond, dated the 24th day of August, 1854, by which the said loan was secured, it was provided that a sum equal to 1 per cent. on so much of the said loan as should be negotiated (which amounted to 3,000,000*l.*), together with a sum equal to one year's interest on so much of the loan as should have been redeemed, should be employed annually on the 10th day of October, commencing in the year 1856, in redeeming the said loan at par, and the sums required for the payment of interest on and the redemption of the said loan were charged upon and made payable out of the annual sum of 282,000*l.* sterling, part of the tribute of Egypt then payable:

And whereas the said annual sum of 282,000*l.* has, since the issue of the said Loan of 1854, been regularly paid into the Bank of England to an account entitled "Egyptian Tribute," and up to the 10th day of October, 1875, so much thereof as has been required for the service of the Loan of 1854 was half-yearly paid over on the order of the Imperial Ottoman Ambassador in London to the agents for the said loan:

And whereas, although the full amount of the said tribute has been continued to be remitted by His Highness the Khedive of Egypt to the Bank of England, the Imperial Ottoman Ambassador in London has, since the month of October 1875, only signed orders for one-half instead as theretofore the whole of the amounts required for the service of the said Loan of 1854, and, accordingly, only one-half of the amounts due for interest and sinking fund in respect of the said loan has, since that day, been paid to the holders of the coupons and drawn bonds of the same loan, and there is now

remaining unpaid on the interest coupons of the said Loan of 1854, due on the 10th day of April, and the 10th day of October, 1876, and on the 10th day of April, 1877, respectively, the aggregate sum of 83,899*l.* 10*s.*, being one-half of the amounts thereof, and on the several bonds of that loan, which were drawn on the 26th day of July, 1876, for redemption at par on the 10th day of October, 1876, respectively, the aggregate sum of 48,100*l.*, being one-half of the amounts thereof:

And whereas no bonds of the Loan of 1854 have been drawn for redemption in the present year;

And whereas the Government of His Imperial Majesty the Sultan having made proposals for varying the terms of the said Loan of 1854, as regards the amount of annual interest and sinking fund, a general public meeting of the holders of bonds of the Imperial Turkish 6 per cent. Loan, 1854, was held to consider such proposals on the 24th day of July, 1877, at the City Terminus Hotel, in the City of London, and at such meeting the following Resolution was passed—

> "The bondholders having considered the terms of arrangement proposed by the Imperial Ottoman Government, the holders of the bonds of the 1854 Loan consent to a reduction in the rate of interest to 5 per cent. interest, with an additional ½ per cent. sinking fund, to be calculated and payable on the existing nominal amount of the loan, viz., 1,800,300*l.* The bondholders agree to accept the reduction on condition that the money now in the Bank of England applicable to the Loan of 1854 shall be paid out to the holders of the coupons and drawn bonds of that loan without any deduction whatever. The bondholders authorise Mr. Edward Howley Palmer and Mr. Edward Pleydell Bouverie to conclude an arrangement with the Imperial Ottoman Government embodying these terms, which shall be binding both according to the law of this country and that of Turkey."

Now it is hereby agreed between and by the parties hereto as follows, that is to say: That—

1. The conditions and provisions of the said general bond of 24th August, 1854, shall continue in force except so far as the same are hereby varied, and nothing herein contained shall deprive the holders of bonds of the said Loan of 1854 of any priority in security or otherwise which they now have over the bonds of the Guaranteed Turkish Loan of 1855.

2. The persons for the time being, and from time to time becoming entitled to the interest on the said Loan of 1854, due and to become due from and after the 10th day of April, 1877, will accept payment of interest thereon from and after that day at the rate of 5*l.* per cent. per annum, instead of at the rate of 6*l.* per cent. per annum, and the original rate of interest shall be and is reduced to 5*l.* per cent. per annum accordingly. The amount to be employed annually in redeeming the said loan shall be ½ per cent., to be calculated on 1,800,300*l.*, the existing nominal amount of the loan, plus the interest on so much of the loan as shall hereafter be from time to time redeemed.

3. The next drawing for ascertaining what bonds are to be redeemed shall take place within one calendar month from the date of this agreement.

4. The amount as from the 10th day of April, 1877, and thenceforth to be remitted by His Highness the Khedive for the payment of the interest upon and the redemption of the said loan, together with the service commission, shall be reduced to 99,511*l.* 11*s.* 7*d.* sterling, which reduced amount shall be remitted and paid to the Bank of England in every year until the whole of the bonds of the said loan have been redeemed, and the sums so remitted and paid shall, without any further authority from the Ottoman Government, be paid over by the Bank of England to, or placed to the credit of, Messrs. Dent, Palmer and Co., or other the agents or trustees of the said loan, to be applied by them to the payment of the said reduced interest, redemption, and service commission. To facilitate the punctual fulfilment of this agreement, His Highness the Khedive shall remit the said reduced amount of 99,511*l.* 11*s.* 7*d.* at the dates and by the instalments set forth in the first and second columns of the Schedule hereto; the remittances set forth in the third column of that Schedule being those which are to be made to the Bank of England in respect of the Turkish Guaranteed Loan of 1855.

5. These presents shall apply to all bonds of the said Loan of 1854 not already drawn for payment which shall be presented to Messrs. Dent, Palmer and Co., the present agents of the said loan, for the purpose of having endorsed thereon a printed or written memorandum, stating that such bonds are held upon the terms of the said general bond of the 24th August, 1854, as varied by these presents.

6. Messrs. Dent, Palmer and Co. shall keep a register of the numbers and amounts of all bonds presented to them for endorsement, as provided for by Article 5; such register to be at all times open to the inspection of the Imperial Ottoman Government Agents, to whom from time to time certified copies of it shall be delivered.

7. When and so soon as any bonds have been endorsed and registered as last aforesaid, all now overdue coupons originally attached thereto, and bearing the numbers thereof, shall be fully paid, and all coupons on the said bonds, and bearing the numbers thereof hereafter to become due, shall be paid at the said reduced rate.

8. All bonds which have been drawn for redemption prior to the date of this Agreement, and have not been paid in full, shall be forthwith fully paid, and the now overdue interest coupons on bonds now already drawn for payment shall also be forthwith fully paid.

9. The Imperial Ottoman Government shall forthwith direct his Excellency Musurus Pasha to sign an order on the Bank of England to pay or place to the credit of Messrs. Dent, Palmer and Co., out of the sum of 161,293*l.* 12*s.* 3*d.*, now standing in the Bank of England to the credit of the account "Egyptian Tribute," the funds necessary for making the payments provided by Articles 7 and 8 of this Agreement as and when such payments shall be required for that purpose.

10. The Imperial Ottoman Government will, by an Imperial Firman, irrevocably direct the Khedive of Egypt to remit and pay to the Bank of England, by the instalments and at the dates aforesaid, the yearly sum of 99,511*l.* 11*s.* 7*d.*, part of the said tribute, for such a number of years as will be sufficient to extinguish the said 1854 Loan, so that the said sums so remitted and paid may be paid over by the Bank of England to, or placed to the credit of, Messrs. Dent, Palmer, and Co., or other the agents or trustees for the time being for the holders of the said coupons and bonds respectively of the said loan, and entitled, in accordance with Article 5, to the benefit of this Agreement, fifteen days at the least before each 10th day of October and 10th day of April henceforth. The said sums as part of the said tribute appropriated to the purposes aforesaid to be henceforth free from all control and interference by the Imperial Ottoman Government; and the Khedive of Egypt, on his part, shall acknowledge such directions and irrevocably bind himself and his successors so to remit and pay as aforesaid the said sum of 99,511*l.* 11*s.* 7*d.*

11. The Imperial Ottoman Government shall officially notify the said Firman to the British Government, and a duly certified and authenticated copy of such Firman and the original engagement by His Highness the Khedive shall be delivered to the said Edward Howley Palmer and Edward Pleydell Bouverie.

12. As soon as all the coupons originally attached to the said bonds representing the said Loan of 1854 shall have become due or been cancelled, the Imperial Ottoman Ambassador in London shall cause to be delivered, free of cost, to the agents or trustees for the said loan in London, or to the respective holders of the said bonds, additional coupons for the interest thenceforward to become due in accordance with this Agreement on the bonds then in force and not represented by the said original coupons, so that until the redemption of each bond the interest to become due thereon may always be represented by coupons.

13. A commission of 2,250 7*s.* 6*d.*, being at the rate of one-eighth of a pound per cent. on the present nominal amount of the 1854 Loan, shall be paid by the Imperial Ottoman Government to Messrs. Dent, Palmer, and Co., the agents of the said Loan, for their trouble and responsibility in effecting the conversion, and to cover the legal and other expenses of and incidental to the preparation and execution of this Agreement, and the negotiations antecedent thereto, and the stamping and registration of the bonds thereunder, and such commission shall be paid out of the balance in the Bank of England to the Egyptian tribute account before or cotemporaneously with the first payment from that account for the purposes of Articles 7 and 8.

14. This Agreement is signed by the said Edward Howley Palmer and Edward Pleydell Bouverie only, by virtue and in exercise of the authority given to them by the above-recited Resolution.

In witness whereof the parties to these presents have hereunto set their respective hands and seals the day and year first above written.

(L.S.) ZUHDY.
(L.S.) EDWD. HOWLEY PALMER.
(L.S.) E. P. BOUVERIE.

The Schedule above referred to.

Date of Remittance.	Remittances for the 1854 Loan. £	s.	d.	Remittances for the 1855 Loan. £	s.	d.
October 25	14,100	0	0	..		
November 15	14,100	0	0	..		
November 30	14,100	0	0	..		
December 13	..			14,100	0	0
December 27	..			14,100	0	0
January 10	2,932	10	9	7,800	0	0
June 26	..			15,700	0	0
July 12	..			15,700	0	0
July 27	..			4,600	0	0
August 16	11,079	0	10	..		
August 30	14,100	0	0	..		
September 13	14,100	0	0	..		
September 27	14,100	0	0	..		
	99,511	11	7	72,000	0	0

Signed, sealed, and delivered by all the above parties, in the presence of—
(Signed) WILLIAM D. FRESHFIELD,
5, Bank Buildings, London, Solicitor.
CHARLES BURT,
60, Threadneedle Street, Solicitor.

No. 249.

Lord Tenterden to Mr. Welby.

Sir, *Foreign Office, October* 12, 1877.

THE Earl of Derby has had under his consideration your letter of the 1st instant, referring to recent correspondence on the subject of the Turkish Loans of 1854, 1855, and 1871, and inclosing a copy of a letter addressed by Messrs. Palmer and Bouverie to Sir Stafford Northcote, accompanied by a copy of an Agreement signed by them with Zuhdy Effendi, the financial representative of the Porte, on the 17th September, for a settlement of the 1854 Loan.

I am now to transmit to you, for the consideration of the Lords Commissioners of Her Majesty's Treasury, a draft of a despatch to Her Majesty's Minister at Paris, in which the terms of the Agreement in question are considered with reference to its bearing upon the interests of the bondholders of the 1855 Loan, and in which Mr. Adams is instructed to ascertain the views of the French Government in regard to the Agreement before Her Majesty's Government express publicly any opinion upon its merits. Before, however, sending forward this instruction to Mr. Adams, Lord Derby would be glad to be informed by the Board of Treasury, at their earliest convenience, whether they concur in its terms.

I am to add that a copy of your letter of the 1st instant will also be sent, in a separate despatch, to Mr. Adams, for his information and guidance in his communications with the French Government.

I am, &c.
(Signed) TENTERDEN.

No. 250.

Mr. Cole to Lord Tenterden.—(Received October 13.)

My Lord, *Treasury Chambers, October* 13, 1877.

IN reply to your Lordship's letter of the 12th instant, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Earl of Derby, that they concur in the terms (as shown in the draft annexed to your letter) of the despatch which his Lordship proposes to address to Mr. Adams, Her Majesty's Chargé d'Affaires at Paris, respecting the Agreement entered into between

Messrs. Palmer and Bouverie and Zuhdi Effendi for the settlement of the 1854 Turkish loan.

I am at the same time to request you to submit to his Lordship the inclosed copy of a letter which my Lords have caused to be addressed to Messrs. Palmer and Bouverie on the subject, dated the 8th instant.

I am, &c.
(Signed) JAMES H. COLE.

Inclosure in No. 250.

Mr. Lingen to Messrs. Palmer and Bouverie.

Gentlemen, *Treasury Chambers, October* 8, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that the Chancellor of the Exchequer has laid before them your letter of the 21st ultimo, inclosing a copy of the Contract of the 17th September last, sanctioning a new arrangement for the payment of interest and principal in respect of the Loan of 1854.

At present, as you are aware, so much of the original tribute of Egypt (282,000*l.*) as is not required for the Loan of 1854 is security for the Guaranteed Loan of 1855; but my Lords observe that the Contract reduces the amount of the original tribute to be appropriated to the Loan of 1854, but does not make the amount so liberated available for the Loan of 1855.

The new arrangement, therefore, has a distinct bearing on the Loan of 1855, and my Lords have therefore thought it necessary to communicate the Contract to the French Government as co-guarantor with Her Majesty of that loan, and to ascertain their views with respect to it.

My Lords, however, would have no objection to state to the Bank of England that, in their opinion, it would be a desirable arrangement if the Governor of the Bank for the time being would undertake to distribute the sums received on account of the Egyptian tribute in the manner stipulated in the Contract, provided always that, as a result of the communications now passing between Her Majesty's Government and the French Government, no objection is raised to the arrangement embodied in the Contract.

You will therefore clearly understand that such a statement will be made subject to and without prejudice to any decision at which the two Governments may arrive upon the Contract itself.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 251.

The President of the Ottoman Syndicate to the Earl of Derby.—(Received October 15.)

Excellence, *Paris, le* 10 *Octobre*, 1877.

NOUS avons l'honneur de remettre ci-joint à votre Excellence le projet définitif de l'unification et de la conversion de la dette Turque, afin que vous en preniez connaissance.

Ce projet a été arrêté entre notre mandataire, M. le Comte de Kératry, et M. le Ministre des Finances de Turquie, après que communication en a été donnée tant à Mr. Layard, Ambassadeur de Sa Majesté Britannique, qu'à M. de Moüy, Chargé d'Affaires de France à Constantinople.

Nous osons compter sur l'appui bienveillant et puissant de votre Excellence dans une œuvre si éminemment réparatrice, et avons l'honneur, &c.

Le Président,
(Signé) J. DE NAV-BEY.

No. 252.

The Earl of Derby to Mr. Adams.

(No. 575.)

Sir, *Foreign Office, October* 17, 1877.

WITH reference to my despatch No. 431 of the 25th July last, respecting the Ottoman Loan of 1854, I transmit to you herewith a copy of a letter addressed by Messrs. Palmer and Bouverie to the Chancellor of the Exchequer, inclosing a copy of an agreement signed by them with Zuhdy Effendi, the financial representative of the Porte, on the 17th September for the resettlement of the 1854 Loan.*

Her Majesty's Government are anxious not to express publicly any opinion upon the merits of this Agreement until they shall have ascertained whether the French Government, as one of the Guaranteeing Governments of the Loan of 1855, see any reason to object to it.

Her Majesty's Government, having regard to the circumstances under which the Loan of 1855 was raised, and to the fact that the two Governments of England and France have offered to the bondholders of 1855 their good offices with the Porte, are disposed to look favourably on the scheme, which appears to afford as satisfactory a settlement of the loan as the circumstances will admit. At the same time they cannot overlook the fact that the diminution of the sinking fund of the 1854 Loan will have the effect of postponing the period when the Egyptian tribute will be freed from that lien upon it, and that as the tribute constitutes one of the most tangible securities of the 1855 Loan, that loan will be to that extent affected.

Nor can they fail to observe that the arrangement will apparently leave a certain proportion of the tribute to the absolute disposal of the Porte, without regard to the prior claim which the bondholders of 1855 have upon any balance remaining after the bondholders of 1854 shall have been satisfied.

If, all things considered, the two Guaranteeing Governments should come to the conclusion that it is not expedient to press their claim to this extent, they might, nevertheless, in the opinion of Her Majesty's Government, avail themselves of the opportunity offered to come to an agreement with the Porte that, when the 1854 Loan is extinguished, the sum allotted to it out of the tribute shall continue to be paid into the Bank of England for the service of the 1855 Loan.

Her Majesty's Government would be glad to learn the views of the French Government as early as circumstances will permit.

I am, &c.
(Signed) DERBY.

No. 253.

The Earl of Derby to Mr. Adams.

(No. 582.)

Sir, *Foreign Office, October* 17, 1877.

WITH reference to my despatch No. 576 of this day's date, respecting the agreement lately signed by Messrs. Palmer and Bouverie with Zuhdy Effendi for a settlement of the Ottoman Loan of 1854, I now transmit to you, for your information and guidance in your communications with the French Government, a copy of a letter from the Treasury of the 1st instant, referring to the transaction in question, and giving cover to two inclosures contained in that despatch.†

I also inclose, for your further information, a copy of a letter which has been addressed to Messrs. Palmer and Bouverie by the Board of Treasury on the subject of their arrangements with Zuhdy Effendi.‡

I may add that my preceding despatch above referred to has been settled in communication with the Chancellor of the Exchequer and the Board of Treasury.

I am, &c.
(Signed) DERBY.

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* Inclosure 2 in No. 248. † No. 248. ‡ No. 249.

No. 254.

Lord Tenterden to the President of the Ottoman Syndicate.

Sir, *Foreign Office, October* 20, 1877.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 10th instant, inclosing a copy of the scheme of the Ottoman Syndicate for the conversion and modification of the Turkish Debt.

I am, &c.
(Signed) TENTERDEN.

No. 255.

Lord Lyons to the Earl of Derby.—(Received October 23.)

(No. 863.)

My Lord, *Paris, October* 22, 1877.

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 576 of the 17th instant, respecting the agreement between the Porte and the bondholders for a resettlement of the 1854 Loan.

I have, &c.
(Signed) LYONS.

No. 256.

Mr. Cole to Lord Tenterden.—(Received October 31.)

Sir, *Treasury Chambers, October* 30, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to state to Lord Derby, in reply to the questions asked in your letter of the 31st August, that the receipt of Mr. Barrett's letter of the 17th August, on the subject of the Turkish Loan of 1854, was acknowledged.

That gentleman, as a bondholder of the 1854 Loan, would naturally prefer that the conditions under which that loan was originally contracted should be maintained, and he would be glad if, for that purpose, he could induce the English and French Governments to interfere upon the plea that their eventual rights are endangered. This, however, is a question which my Lords would not undertake to discuss with any private individual, and they do not propose to address any further communication to Mr. Barrett.

Upon the general question involved in Mr. Barrett's letter, viz., the bearing which the arrangement made between the bondholders and the Porte will have upon the Guaranteed Loan of 1855, my Lords will remark that that arrangement has been formally made known by the Secretary of State to the French Government, and the course to be pursued by Her Majesty's Government will, it may be presumed, in great measure depend upon the reply which they receive from France.

I am, &c.
(Signed) JAMES H. COLE.

No 257.

Mr. Cole to Lord Tenterden.—(Received October 31.)

My Lord, *Treasury Chambers, October* 30, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of the Secretary of State, in reply to the letters from the Foreign Office of the 30th July, 3rd August, and 21st September, on the subject of M. de Keratry's visit to Constantinople, that no application has been made to them by the English holders of the Turkish loans (other than those of 1854, 1855, and 1871) for the support of Her Majesty's Government in pressing the arrangement proposed by M. de Keratry on the favourable consideration of the Porte.

It appears to my Lords that, if the Secretary of State has not received any such application, it would not be advisable for Her Majesty's Ambassador to express any opinion upon the subject.

I am, &c.
(Signed) JAMES H. COLE.

No. 258.

The Earl of Derby to Mr. Layard.

(No. 672.)
Sir, *Foreign Office, November* 1, 1877.

I TRANSMIT to you herewith a copy of a letter from the Treasury, to which Department your despatch, No. 1049 of September 5, was referred; and I have now to state to you that Her Majesty's Government do not think it advisable that you should express any opinion on M. de Keratry's scheme for the consolidation of certain of the Turkish loans.

I am, &c.
(Signed) DERBY.

No. 259.

Mr. Cole to Lord Tenterden.—(Received November 9.)

My Lord, *Treasury Chambers, November* 8, 1877.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of the copy of the project for the unification of the Turkish debt, together with the copy of the covering letter which accompanied it, from the Ottoman Syndicate.

In reply, I am to request that your Lordship will state to the Earl of Derby that, so far as my Lords are aware, no application has been made to the Government by the English bondholders with reference to this scheme, and that their Lordships do not feel called upon to offer any opinion upon the project.

I am, &c.
(Signed) JAMES H. COLE.

No. 260.

Lord Lyons to the Earl of Derby.—(Received November 15.)

(No. 903.)
My Lord, *Paris, November* 14, 1877.

WITH reference to your Lordship's despatches Nos. 576 and 582, both of the 17th ultimo, and to my despatch No. 863 of the 22nd ultimo, I have the honour to transmit to you a copy of a note dated the 10th instant, which I received last night from the Duc Decazes. It states the views of the French Government with regard to the Agreement signed by Messrs. Palmer and Bouverie with Zuhdy Effendi for the resettlement of the Ottoman Loan of 1854.

The French Government declines to signify, either explicitly or even implicitly, any approval of this Agreement.

I have, &c.
(Signed) LYONS.

Inclosure in No. 260.

The Duc Decazes to Lord Lyons.

M. l'Ambassadeur, *Paris, le* 10 *Novembre*, 1877.

VOUS avez bien voulu m'adresser le 22 du mois dernier une note dans laquelle vous me faisiez connaître les termes d'une Convention conclue à Constantinople, le 17 Septembre, 1877, entre la Porte Ottomane et MM. Palmer et Bouverie, représentants

des porteurs de bons de l'Emprunt Turc de 1854. Vous me demandiez, en même temps, à être informé de l'accueil que le Gouvernement Français croirait devoir faire à cet arrangement.

Les résultats essentiels du contrat nouveau que vous avez porté à ma connaissance sont les suivants. D'une part, tandis que l'intérêt de l'Emprunt ne serait abaissé que de 6 à 5 pour cent par an, les versements annuels de la Porte au fonds d'amortissement seraient réduits dans une proportion notable, tant par suite de l'abaissement du quotient de 1 pour cent à ½ pour cent, que par suite de la diminution du capital pris pour bon de calcul; l'extinction définitive de l'emprunt et la libération de la partie du tribut de l'Egypte qui en est le gage, se trouveraient, en conséquence, très retardées. D'autre part, si j'ai bien compris la communication de votre Excellence, la Porte prétendrait revendiquer la libre disposition des fonds provenant du tribut Egyptien et détournés du service de l'Emprunt de 1854, bien que la totalité de ces fonds soit subsidiairement hypothéquée à l'Emprunt de 1855.

Dans ces conditions, le Gouvernement Français, garant, conjointement avec l'Angleterre, de l'Emprunt de 1855, ne se croit pas autorisé à émettre une opinion qui comporte l'approbation, soit explicite, soit même purement implicite, d'un arrangement ayant pour effet de soustraire aux créanciers dont il a garanti les intérêts une portion considérable de leur gage éventuel. Nous pouvons ne pas faire obstacle, dans les circonstances actuelles, à la mise en œuvre de la Convention que votre Excellence m'a fait l'honneur de me communiquer, et réserver tacitement nos droits, tant que la Porte Ottomane, en continuant de pourvoir d'une manière satisfaisante au service de l'Emprunt de 1855, ne mettra pas notre garantie en cause. Mais nous ne saurions dépasser cette limite sans nous exposer à une responsabilité que le Gouvernement Français, pour sa part, désire ne pas encourir.

Agréez, &c.
(Signé) DECAZES.

No. 261.

Lord Tenterden to Mr. Cole.

Sir, *Foreign Office, November* 16, 1877.

WITH reference to your letter of the 13th ultimo, I am directed by the Earl of Derby to transmit to you, for the information of the Lords Commissioners of Her Majesty's Treasury, copies of a despatch and its inclosure which have been received from Her Majesty's Ambassador in Paris,* from which will be gathered the views of the French Government with regard to the Agreement signed by Messrs. Palmer and Bouverie with Zuhdy Effendi for the resettlement of the Ottoman Loan of 1854.

I am, &c.
(Signed) TENTERDEN.

No. 262.

Mr. Layard to the Earl of Derby.—(Received November 23.)

(No. 1331.)
My Lord, *Therapia, November* 13, 1877.

WITH reference to your Lordship's despatch No. 672 of the 1st instant, I have the honour to state that I declined to support M. de Keratry's scheme for the consolidation of certain of the Turkish loans, or to express any opinion with respect to it, until I had received instructions to do so. M. de Keratry has now left Constantinople, having failed to come to an arrangement with the Porte. I understand that the representatives of the English bondholders were not disposed to act in this matter with the persons in Paris who had sent out M. de Keratry.

I have, &c.
(Signed) A. H. LAYARD.

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* No. 260.

No. 263.

Mr. Vivian to the Earl of Derby.—(Received December 22.)

(No. 336. Political.)

My Lord, *Cairo, December 14, 1877.*

DURING my late absence from Egypt on leave it appears that an arrangement, to which the Khedive was a party, was come to between the Porte and the Imperial Ottoman Bank, by which His Highness has bound himself to pay directly to Messrs. Glyn, Mills, Currie and Co., of London, on account of the 1877 Loan, that portion of the Egyptian tribute, amounting annually to 280,618*l.*, which has not been already mortgaged to the creditors of Turkey.

The inclosed despatch from Mr. Borg gives some particulars of the arrangement, the details of which your Lordship will have probably received from Her Majesty's Ambassador at Constantinople.

If I rightly understand this transaction, it seems to me a more than chivalrous act on the part of the Khedive to render himself responsible for all time and under all circumstances for this debt of the Porte!

I have, &c.
(Signed) C. VIVIAN.

Inclosure in No. 263.

Mr. Borg to Mr. Cookson.

Sir, *Cairo, October 20, 1877.*

I THINK it my duty to inform you that under date of to-day, His Highness the Khedive has given an undertaking, under orders from the Sublime Ottoman Porte, to pay into the hands of Messrs. Glyn, Mills, Currie and Co., of London, towards the loan made to the Turkish Government by the Imperial Ottoman Bank, and known as the 1877 Loan, that portion of the Egyptian tribute not already mortgaged to the creditors of Turkey, viz., a sum of 280,618*l.*

The undertaking is signed by His Highness, but the date of the Porte's order is left blank. The Khedive's signature is legalized by the Minister for Foreign Affairs and the latter's by me.

The payments are to be made as follows:—

	£
On January 31	116,000
March 10	20,000
June 10	16,000
July 31	99,000
September 10	20,000
December 10	15,618
	280,618

I have, &c.
(Signed) R. BORG.

No. 264.

The Earl of Derby to Mr. Vivian.

(No. 170.)

Sir, *Foreign Office, December 27, 1877.*

WITH reference to your despatch No. 336 of the 14th instant, I have to instruct you to procure, if possible, a copy of the Undertaking by which the Khedive binds himself to pay on account of the Ottoman Loan of 1877 that portion of the Egyptian tribute which has not been already mortgaged to the creditors of Turkey.

I am, &c.
(Signed) DERBY.

No. 265.

Mr. Lingen to Lord Tenterden.—(Received January 21.)

My Lord, *Treasury Chambers, January 19, 1878.*

WITH reference to previous correspondence, I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State for Foreign Affairs, a copy of the opinion of the Law Officers of the Crown, dated the 14th instant, on the subject of the Turkish Guaranteed Loan of 1855.

I am, &c.
(Signed) R. R. W. LINGEN.

Inclosure in No. 265.

The Law Officers of the Crown and Dr. Deane to the Solicitor to the Treasury.

Sir, *Temple, January 14, 1878.*

WITH reference to the papers transmitted to us on the 14th December last, on the subject of the "Turkish Guaranteed Loan (1855)," we have the honour to submit the following report:—

1. The IIIrd Article of the Convention charges the interest and sinking fund on the whole revenues of the Ottoman Empire, and then specifies, as forming part of the whole revenue, first, the annual amount of the tribute of Egypt which remains over and above the part thereof appropriated to a former loan; and, secondly, the customs of Smyrna and Syria.

In our opinion the term "special security" cannot properly be applied either to this balance of the tribute of Egypt or the customs of Smyrna and Syria; but we think the meaning of the first clause of the IIIrd Article is, that these two specified branches of Ottoman revenue shall be first resorted to before other parts of the general revenue of the Ottoman Empire can be made subject to payment.

So long, therefore, as the interest and sinking fund are paid and provided for the Guaranteeing Powers will have no right over the tribute and customs.

But if default is made in either, then the Guaranteeing Powers may insist upon those sources of revenue being applied to the payment of such interest and sinking fund, and that any deficiency should be made up out of the other revenues of the Ottoman Empire.

The Guaranteeing Powers are responsible to the creditors under the loan of 1855 for the payment of interest only. But these Powers are concerned in putting an end as soon as may be to their guarantee. The Porte has engaged, in the second clause of Article III, to provide half-yearly for the payment of the sinking fund, and a default in this part of the Convention gives the Guaranteeing Powers a right to insist upon the payment being made for the sinking fund.

Subject, therefore, to any assent, direct or implied, which the Guaranteeing Powers may have given to the subsequent pledging of any part of the Ottoman revenues, these Powers may, in our opinion, exercise that right from time to time, and as default is made in payment either of the interest or of the sinking fund, take any available part of the Ottoman revenues in discharge of the sums then due.

And in view of a possible failure of the general security, by which we mean the general revenues, the Guaranteeing Powers have, in our opinion, a right to insist that the specified securities should not be alienated, so as to prejudice the charge made in their favour.

2. The second question we have to some extent already answered. A portion of the tribute money is by the Convention set apart for the loan of 1854. Subject to that appropriation and to any subsequent direct or indirect act of the Guaranteeing Powers in reference to loans other than those of 1854, 1855, the whole tribute money, as forming part of the general revenues of the Ottoman Empire, is pledged to the Guaranteeing Powers for the payment of 4 per cent. for interest and 1 per cent. sinking fund.

The tribute money is not therefore to be taken as a fixed sum of 72,000*l.*

3. Subject, as we have said, to any surrender or waiver of their rights, the Guaranteeing Powers may from time to time, and in default of the covenanted half-yearly payments of interest and sinking fund, give the Bank of England notice to

reserve for the service of the loan of 1855 that part of the tribute not actually paid to or due to the loan of 1854.

4. The Porte has broken the Convention by not providing the sinking fund, and for this breach of the agreement, or any future breach when it occurs, we are of opinion that a claim may be made against that Government by the Guaranteeing Powers, but, upon the facts stated, we see no ground upon which the Court would restrain the Bank of England from parting with so much of the fund as may be required to provide for the amount due for the sinking fund.

Supplementary question.—In our opinion the English Government has waived its right to the increased Egyptian tribute, and the action, or rather abstinence of action by the English Government in 1871 is an instance of that consent on the part of at least one of the Guaranteeing Powers, which estops that Power from claiming, under the Convention, the additional tribute money as part of the security.

We have not sufficient information to enable us to say in what position the French Government may be with reference either to the English Government, the joint Guarantor, the Porte, or the creditors under the loans of 1855, 1871.

We have, &c.
(Signed) JOHN HOLKER.
HARDINGE S. GIFFARD.
J. PARKER DEANE.

No. 265[1].

Mr. Guedalla to the Earl of Derby.—(Received January 30.)

My Lord, *Hanover Square Club, London, W., January 30, 1878.*

AS Chairman of the English Committee of the General Debt of Turkey Five Per Cent., 1865-74, amounting to 80,003,000*l.*, of which nearly half is held in the United Kingdom, allow me to convey to your Lordship our uneasiness at the prospect of certain provinces being detached from the Ottoman Empire, and incorporated with another kingdom. In lending our money we relied on the security of the whole territory and of all the tributary provinces. In the case of Rome and the other Italian States the whole debt recently went with the soil of the annexed territories. We leave this matter entirely in your Lordship's hands at the approaching European Conference, feeling assured it will receive your Lordship's serious consideration, if the autonomy of any Turkish province were conceded, or any new division of territory made. I trust and hope no new distribution of rights will be effected without a proportionate allotment and recognition of the existing Turkish External Bonded Debt.

I remain, &c.
(Signed) H. GUEDALLA.

No. 266.

Colonel Stanley to Lord Tenterden.—(Received January 31.)

My Lord, *Treasury Chambers, January 31, 1878.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward to you a copy of a letter which they have received from the Bank of England, reporting that funds have not been provided by the Turkish Government to meet the interest and commission due, on the 1st proximo, on the Turkish Guaranted Loan of 1855. In reply my Lords have stated their readiness to issue out of the Consolidated Fund the amount required to fulfil the guarantee given jointly by Her Majesty and the French Government, adding a request that the Bank will advance the money until such time as a reply shall have been received from the Turkish Government to a letter which will be addressed to them, reminding them of the obligation.

I am to request you to move the Secretary of State to make known these circumstances to the French Government in order that a remonstrance may be addressed to the Turkish Government, and their attention drawn to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and especially of the annual amount of the tribute of Egypt which remains

over and above the part thereof appropriated to the first loan (of 1854), and, moreover, on the customs of Smyrna and Syria.

My Lords are somewhat surprised that no steps have been taken by the Porte to satisfy fully the obligation which the Turkish Government has undertaken towards the Guaranteeing Powers.

I am, &c.
(Signed) FRED. STANLEY.

Inclosure in No. 266.

Mr. May to Colonel Stanley.

Sir, *Bank of England, E.C., January 28, 1878.*

I AM directed to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that no provision has yet been made for the payment of the interest and commission, due 1st proximo, as under, on the Imperial Ottoman Guaranteed Loan of 1855, viz.:—

	£	s.	d.
For six month's interest on 3,815,200*l.*	76,304	0	0
Commission at 30*l.* per million	1,144	11	2
Total	77,448	11	2

In the above amount is included the interest on bonds for 198,700*l.* which have been drawn for redemption, but which are still unpaid.

I am therefore to request their Lordships' instructions in the matter at your earliest convenience.

I am to add that no funds have been remitted to the Bank on account of the Egyptian tribute.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 267.

Mr. Layard to the Earl of Derby.—(Received February 3.)

(No. 110.)

My Lord, *Constantinople, January 23, 1878.*

I HAVE the honour to inclose herewith a copy, as given by the "Turquie" newspaper, of the Report of the Committee of Bankers which had been appointed by the Minister of Finance to take into consideration the best means for preventing the further depreciation of the paper currency in Turkey. These gentlemen conclude their Report by recommending certain measures, easily carried out, which they feel convinced will be instrumental in improving the financial situation.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 267.

Extract from "La Turquie."

LE CAIMÉ.

Rapport du Comité.

PRECEDEMMENT, nous avons parlé d'une réunion de banquiers qui avait eu lieu au Ministère des Finances à l'effet de rechercher les moyens pratiques pour améliorer le cours du caimé.

Une Commission avait été instituée pour examiner les opinions diverses sur la question et faire un rapport. Dans la "Turquie" du 28 Décembre, il a été fait mention des idées qui ont prévalu au sein de la Commission. Aujourd'hui nous sommes en mesure de publier le rapport du Comité de Rédaction. Ce rapport commence par combattre et rejeter la proposition émise par l'ancien Ministre des Finances

consistant dans le retrait du Caïmé à un taux fixe qui constituait pour les détenteurs une perte sérieuse et pour le crédit de l'Etat une atteinte sérieuse, puis il continue en ces termes :—

Nous reconnaisons que le papier-monnaie est un mal, et ce qui le démontre, c'est qu'on n'y a recours qu'en dernière analyse, dans les moments les plus graves, après avoir épuisé toutes les ressources d'emprunts extérieurs, intérieurs, forcés et autres, mais l'expérience très étendue, faite dans les vingt dernières années, permet de reconnaître que cet instrument de crédit est capable de produire des résultats d'une incontestable utilité. C'est un expédient déplorable, désastreux, s'il est conduit sans aucune précaution et sans qu'il soit tenu compte des leçons du passé.

C'est, par contre, un expédient possible, praticable dans de certaines conditions : bien dirigé il rend des services considérables. Quels que soient ses inconvénients, il constitue toujours un titre fiduciaire à remboursement plus ou moins éloigné, mais donnant droit à créance sur l'Etat, et inspirant par là toujours une certaine confiance.

Depuis un an que la Turquie y a eu recours, elle s'est procurée, grâce à lui, des sommes relativement importantes. En effet, sur 16,000,000 livres Turques que le Gouvernement Impérial a en vue d'émettre, 4,000,000 livres Turques ne sont pas encore en circulation, savoir : 1,500,000 livres Turques en mains des avances, 1,000,000 livres Turques à émettre ; 12,000,000 livres Turques ont déjà été réalisées et ont produit environ 7,500,000 au Gouvernement.

Un moyen pareil de crédit ne nous semble pas à dédaigner ; il doit, au contraire, être précieusement ménagé, et nous croyons rendre un service considérable au Gouvernement en l'engageant à ne pas briser entre ses mains un instrument qui lui a été si avantageux, et qui peut lui rendre encore tant de services.

Aussi du projet du Gouvernement, ne voulons nous retenir qu'une chose : sa proposition de consacrer une partie de ses revenus à une opération sur le caïmé. Ainsi que nous le conseillons plus loin, cette somme, quelle qu'elle soit, bien utilisée, peut contribuer à relever notablement les cours du papier-monnaie, et produire sur l'ensemble du Budget une amélioration importante.

Le principe du papier-monnaie étant admis, et son utilité en Turquie bien démontrée par le concours puissant qu'il a apporté aux finances de l'Empire, quelles sont donc les causes de la dépréciation de ce papier-monnaie ?

Les causes générales de dépréciation d'un papier-monnaie quelconque peuvent être de trois natures :

1. Ou bien la quantité de papier-monnaie mise en circulation est trop considérable pour le pays ;

2. Ou bien la circulation de ce papier-monnaie est insuffisante, mal dirigée.

3. Ou enfin la confiance du public en ce papier-monnaie fait absolument défaut.

Nous allons successivement examiner ces trois points en ce qui concerne la Turquie, et essayer de déterminer dans quelle mesure l'Empire se trouve atteint par l'une et l'autre de ces trois causes.

1. La quantité de papier-monnaie mise en circulation en Turquie est-elle trop considérable pour l'Empire ? Faut-il trouver dans cette quantité la cause de la dépréciation actuelle du caïmé.

Si nous nous reportons à ce qui s'est passé dans l'Empire au temps du premier caïmé, nous n'hésitons pas à répondre que la dépréciation actuelle ne provient pas de la quantité de papier-monnaie en circulation.

Le montant totale du caïmé, circulant il y a plus de quinze ans, s'élevait à 10,000,000 livres Turques, et était exclusivement concentré dans la capitale : ce papier ne circulait absolument pas dans l'intérieur ; Constantinople supportait tout le poids, et cependant la moyenne des cours ne dépassait pas à cette époque 160. Aujourd'hui, ainsi que nous l'avons déjà vu, sur 16,000,000 livres Turques décrétées par trois Iradés successifs, 12,000,000*l.* sont actuellement dans les mains du public. Ces 12,000,000*l.* ont cours légal dans tout l'Empire, la voie qui leur est ouverte est donc immense, et cependant les prix ont atteint un instant 260. Il suffit de comparer les chiffres des deux époques, et les cours pratiqués pour résoudre la question posée, d'une part, 10,000,000 livres Turques toutes dans Constantinople et le prix de 160 ; de l'autre, 12,000,000*l.* à répartir sur l'énorme surface de l'Empire, et cependant le prix de 260.

Quittant un instant la Turquie, et examinant ce qui se passe dans les autres pays qui pratiquent en ce moment le papier-monnaie, nous avons dressé le tableau suivant :—

	Habitants.	Circulation.	Par habitant.	Cours du billet.
		Livres.	Livres.	
Italie	27,500,000	68,500,000	2½	111
Autriche	35,900,000	71,500,000	2	119
Russie	86,600,000	165,000,000	1·80	160
Etats Unis	38,920,000	167,000,000	4	102
Turquie	25,000,000	12,000,000	½	260
		16,000,000	0·64	

L'étude de ces chiffres nous démontre que la Turquie est loin d'avoir dépassé les limites qu'ont déjà atteintes les autres pays, et que, comparativement à leur circulation, la sienne est relativement très restreinte.

En évaluant à 25,000,000 d'habitants le chiffre de la population parmi laquelle le caïmé peut circuler, nous trouvons qu'il y en a peine de 50 piastres à 64 piastres par tête d'habitant, alors que ces chiffres sont dans une proportion quadruple ou quintuple dans les autres pays.

Nous appuyant sur ces résultats, et sur ce qui s'est passé précédemment ici lors du premier caïmé, nous croyons donc pouvoir affirmer que la dépréciation ne provient pas de la quantité de caïmé en circulation. Si cette quantité était dès à présent fixée à 16,000,000 livres Turques, comme maximum ne devant jamais être dépassé, nous pourrions, pour ainsi dire, garantir que l'on ne peut attendre qu'une sérieuse amélioration dans les cours. Mais l'incertitude où est le public des besoins du Gouvernement, la crainte de lui voir aborder des chiffres de papier-monnaie supérieurs à celui de 16,000,000*l.*, actuellement connu ; la crainte surtout de lui voir faire des réalisations rapides, déprimant brusquement les cours, toutes ces choses font que chacun est en défiance vis-à-vis du caïmé et ne le conserve que pour de petites sommes, afin de se mettre à l'abri contre toute aggravation ultérieure.

Ainsi, nous disons que ce n'est pas la quantité en circulation qui pèse sur les cours, mais la quantité inconnue, d'avenir, qui ne verra peut-être jamais le jour, ce que nous souhaitons vivement, mais qui, cependant, est dans les choses possibles, en présence des graves événements qui assaillent le pays et lui imposent de si lourdes sacrifices.

Le Gouvernement peut-il dès à présent fixer le chiffre total auquel il s'arrêtera ? Nous lui laissons le soin de répondre à cette question.

2. La circulation du caïmé est-elle insuffisante, vicieuse ? A-t-elle été mal dirigée ?

Autant nous avons été formels dans le paragraphe précédent à dire que la circulation actuel du caïmé n'était pas excessive, et ne justifiait nullement les cours dépréciés qui ont été atteints, autant nous le sommes maintenant pour déclarer que la circulation de ce caïmé a été insuffisamment dirigée et même complètement négligée. En surveillant les divers phénomènes, il eût été possible de la conduire beaucoup mieux, et il est, à notre avis, encore possible de l'améliorer notablement.

Le grand motif de cette circulation défectueuse provient de ce que le caïmé a toujours eu, à côté de lui, des signes monétaires métalliques effectifs, qui lui ont constamment fait une concurrence avantageuse.

La Turquie a un système monétaire évidemment vicieux. En dehors de sa monnaie d'or, qui est bien conçue et qu'elle doit à tout prix conserver pour ses grandes opérations internationales, elle a aujourd'hui quatre monnaies variées qui présentent toutes plus ou moins les véritables inconvénients du papier-monnaie, en raison de leurs constantes variations de cours :—

Le médjidié ;
Le beehlik, métallique, &c. ;
Le cuivre ;
Le caïmé ;

et même cette dernière constitue deux à elle seule, puisque tantôt on la compte au pair de 100, tantôt on la calcule à ce ridicule et incompréhensible cours de 130 dont l'usage s'est malheureusement généralisé et qu'il serait si utile de déraciner pour le détruire à jamais.

Ces diverses monnaies, dont la quantité s'est trouvée surmenée par le double fait, d'une part de la réduction considérable des affaires en raison de la crise, et de l'autre de l'apparition du caïmé, circulant les unes à côté des autres, se nuisent, se repoussent mutuellement et se déprécient toutes plus ou moins, suivant leur plus ou moins grande valeur intrinsèque.

C'est ainsi que le médjidié est tombé de 102 à 107 ; le beehlik, métallique de 105 à 120 ; le cuivre de 120 à 180.

Le caïmé, en raison de son manque absolu de valeur intrinsèque, est le signe d'échange qui s'est déprécié le plus, et que l'on n'a, pour ainsi dire, jamais voulu conserver en poche. On s'est servi de préférence des autres signes monétaires, parce que l'on continuait à les avoir à sa disposition.

Le caïmé n'a jamais bien circulé qu'à Constantinople et dans trois ou quatre places, tout au plus, où le public plus éclairé ou plus confiant lui a immédiatement constitué une clientèle assez étendue.

L'intérieur de l'Empire ne s'en sert que pour acquitter l'impôt; le boutiquier, le particulier ne l'utilisent que fort peu et même point du tout. Les monnaies métalliques ont toujours eu leur préférence, d'autant mieux qu'elles y sont devenues plus abondantes que jamais par le fait que Constantinople ayant largement adopté le caïmé, les diverses monnaies de la capitale ont été refoulées sur l'intérieur et par leur surabondance même en ont augmenté l'usage, en même temps qu'elles aidaient à leur dépréciation.

Il y a donc concurrence entre les divers signes monétaires. Toute opération qui consisterait à faire rentrer d'abord le médjidié, par la voie de la douane, le beshlik et le métallique ensuite, produirait un vide que le caïmé viendrait utilement remplir. La place se ferait pour lui tout naturellement et son infiltration dans toutes les couches de la société se réaliserait beaucoup plus facilement.

Cette infiltration a été tout à fait négligée par le Gouvernement: au lieu de se borner à effectuer des paiements avec son papier-monnaie, il a été amené, poussé par les circonstances urgentes qui s'imposaient à lui, à le traiter comme une marchandise et à le réaliser brusquement sur les divers marchés où on le traitait.

Aujourd'hui, il faut lui faire sa place, et le moyen le plus simple est de procéder par la mise en caisse des monnaies qui lui font concurrence. La constitution de cette réserve aura le double résultat de faire place au caïmé et de pouvoir procurer à ce dernier une base métallique à affecter soit à son retrait, soit au maintien de son cours.

Une seconde erreur dans la circulation du caïmé se rencontre dans les instructions insuffisantes du Gouvernement, qui n'a pas donné en province des ordres formels pour qu'il ne fut jamais refusé. Tout au contraire, il a été fréquemment repoussé par les caisses provinciales elles-mêmes, et on nous cite encore des provinces où il continue à être refusé par les fonctionnaires du Gouvernement.

On nous dit même que beaucoup de caisses exigent les règlements d'impôts en beshlik et métallique et se procurant ensuite du caïmé remettent ce dernier au Gouvernement, apportant ainsi une entrave illégale à la circulation du papier-monnaie.

Toutes ces difficultés, les hésitations du Gouvernement, les ordres donnés un jour et modifiés l'autre, ne sont pas fait pour développer la confiance. Il est important, à tous égards, d'éviter les conflits et les injustices provoqués sur une forme de ressources si utile et si précieuse.

Une dernière cause de mauvaise circulation réside dans l'assortiment du caïmé et son manque de divisionnaire. Il conviendrait, suivant nous, que le caïmé fût au moins pour ses fractions l'équivalent du cuivre, que ce cuivre pût être donné en paiement jusqu'à concurrence de 4 piastres et 35 paras, et que tout paiement de 5 piastres fût fait en caïmé.

Le corollaire de cette mesure serait de décréter la circulation du cuivre dans tout l'Empire, au pair du caïmé, au lieu de le laisser limité exclusivement à la capitale, et, s'il n'y a pas assez de cuivre pour suffire aux besoins de tout l'Empire, de faire faire les quantités nécessaires, mais successivement prudemment, de façon à ne pas dépasser la somme réellement réclamée.

3. La confiance du public dans le caïmé existe-t-elle ou fait-elle défaut?

Les deux précédents paragraphes de notre rapport nous permettent de répondre facilement à cette troisième question.

L'incertitude qui règne sur les limites qu'atteindra l'émission totale du caïmé, les difficultés que rencontrent sa circulation dans l'Empire, les erreurs commises dans sa brusque réalisation, les entraves apportées à son infiltration dans le public, le défaut d'assortiment et de monnaie divisionnaire du papier-monnaie, tout a contribué à indisposer la population contre le caïmé. Une influence morale considérable vient s'ajouter à ces impressions déjà si défavorables: la crainte de la durée persistante du régime et la perspective possible d'une perte quelconque de son capital. La confiance fait donc absolument défaut et c'est le plus sérieux motif de l'excessive dépréciation du papier-monnaie. Ce point est, selon nous, un des plus importants à considérer et à résoudre. Il faut absolument que le Gouvernement, par tous les moyens en son

pouvoir, essaie de développer et de conserver ensuite la confiance du public en sa signature.

Le papier-monnaie est une dette de l'État, dette contractée dans des temps exceptionnels, et pour des temps exceptionnels il faut que cette dette soit respectée autant que toute autre, il faut qu'elle soit sacrée, et il faut faire pénétrer ce sentiment dans l'opinion publique et arriver à la convaincre de la sincérité des déclarations et des intentions du Gouvernement.

Si le public acquerrait jamais cette conviction qu'il sera un jour rigoureusement fait honneur aux caïmés qu'il détient, le cours du papier-monnaie ne tarderait pas à s'améliorer sensiblement. Personne n'hésiterait à en détenir, car c'est certainement le signe monétaire le plus commode, le plus maniable, le plus facile à transporter et à utiliser.

Conclusion.

Comment arriver à inspirer cette confiance, si désirable à tous égards, pour le public et le Gouvernement? Comment concilier ce but à atteindre avec les besoins financiers du Gouvernement?

Si nous saisissons bien quelles sont les nécessités qui s'imposent en ce moment au Gouvernement nous voyons qu'il a besoin d'une partie de ses ressources en or pour des paiements à l'étranger et d'une autre partie en caïmé pour ses paiements à l'intérieur.

Le caïmé trouve des concurrents sérieux dans les diverses monnaies d'argent qui circulent en province. Retirer successivement ces monnaies de la circulation par la voie de la douane, serait faire la place au caïmé qui circulerait mieux.

Affecter une partie de ces monnaies au rachat ou au maintien des cours du caïmé serait une seconde facilitation pour la circulation du caïmé, car la menace de ces rachats suffirait pour une bonne part au maintien des cours.

Envoyer le reste de ces monnaies à Londres pour y être démonétisées serait procurer au Gouvernement l'or dont il a besoin.

Le Gouvernement perdrait, il est vrai, la différence entre la valeur du Médjidié et celle du métal intrinsèque obtenu à la fonte, mais il améliorerait considérablement le taux de ces paiements en caïmé et le produit comme valeur en or de ses douanes, attendu que le Médjidié se rapprocherait successivement du pair.

Un autre moyen de se procurer de l'or, serait d'autoriser de nouveau la libre sortie des céréales. Les ventes à l'intérieur, en vue de l'exportation, faciliteraient en même temps l'écoulement du caïmé.

En application de ces idées, que nous croyons justes et très facilement praticables, nous proposerons au Gouvernement, comme première mesure avantageuse, qui sera certainement favorablement accueillie par le public, la constitution de la Commission d'amortissement du caïmé, qui, d'après la loi relative aux 10,000,000 livres, émises conformément aux deux premiers Iradés, devait fonctionner mensuellement à partir du 31 Mai, 1877.

Cette loi disait:—

"Art. 4. . . . . Une somme de 100,000 bourses papier-monnaie sera retirée annuellement de la circulation. Pour ce service sont affectés, pour une période de vingt ans: 1. Les dîmes des Sandjaks d'Aïdin, de Smyrne et de Saroukhan (Magnésie), impôt qui s'était élevé à 72,870 bourses pendant l'année financière de 1201; 2. L'impôt foncier de Constantinople, qui s'élève à 33,000 bourses.

"Art. 5. L'amortissement des 100,000 bourses commence à dater de la fin du mois de Mai de l'année financière 1293. Le retrait du papier-monnaie de la circulation et sa destruction par le feu seront opérés graduellement à la fin de chaque mois.

"Dans vingt ans la somme totale du papier-monnaie sera complétement amortie.

"Art. 6. Les revenus affectés pour l'amortissement seront versés à la Banque Impériale Ottomane, au fur et à mesure qu'ils seront encaissés par l'entremise des autorités locales.

"Art. 7. Une Commission composée d'un Président et de six membres sera instituée en vertu d'un Décret Impérial. Cette Commission assurera la rentrée et l'emploi régulier des revenus spéciaux affectés et surveillera la destruction par le feu des coupures de papier-monnaie retirées mensuellement de la circulation. Ces coupures seront au préalable annulées par la Banque Ottomane.

"Le Président de la Commission sera choisi parmi les fonctionnaires du Gouvernement Impérial, et les membres seront pris, deux parmi les fonctionnaires de la Banque Ottomane, et les quatre autres seront choisis parmi les capitalistes Ottomans et étrangers de la capitale.

"Art. 8.— . . . . . &c., &c., &c."

Par cette loi, l'amortissement était fixé à 500,000 livres Turques, 5 pour cent sur 10,000,000 livres Turques émises. La proportion, aujourd'hui que l'émission atteint ou atteindra au moins 16,000,000 livres Turques, serait de 800,000 livres Turques, soit 66,666·66 livres Turques par mois.

Le Gouvernement, dans sa réunion du 24 Décembre, nous ayant dit qu'il était disposé à abandonner une fraction de son Budget pour servir au retrait du caïmé, et à affecter une partie des douanes ou d'autres revenus à ce retrait, nous lui conseillons de reprendre les dîmes des Sandjaks d'Aïdin, de Smyrne et de Saroukhan et l'impôt foncier de Constantinople, qu'il avait précédemment réservés au retrait du caïmé et, en instituant la Commission du caïmé sous la présidence du Directeur Général des Douanes, de décréter que la Douane aura à verser mensuellement à la dite Commission toutes les monnaies, sans exception, qu'elle recevra et qui seront réparties comme suit :

66,666·66 livres seront mises en caisse mensuellement pour être utilisées en exécution de la loi d'amortissement, et le complément de toutes les monnaies sera envoyé à Londres pour y être démonétisé et servir à faire face aux besoins d'or du Gouvernement.

La Commission, d'accord avec le Gouvernement, s'occupera du meilleur usage à faire de ses 66,666·66 livres mensuelles : elle aura à examiner avec lui s'il convient mieux que ces fonds soient :—

Ou affectés au retrait du caïmé par tirage au sort, comme le propose l'un de nous ;

Ou par rachat pur et simple, pour être brûlé ensuite ;

Ou au maintien des cours du caïmé par rachats à volonté.

Il est bien entendu que l'affectation, au service du caïmé, de cette somme mensuelle de 66,666·66 à prendre de la douane, ne devrait être que temporaire et limitée à ce service jusqu'à l'époque où le Gouvernement, prenant pour toutes ces dettes des mesures d'ensemble ne manquerait pas d'y comprendre le retrait total du caïmé.

Comme mesures complémentaires de l'institution et du fonctionnement de la Commission du caïmé, nous conseillons au Gouvernement : d'ordonner à toutes les caisses provinciales de faire leurs paiements en caïmé et non en d'autres monnaies ;

De prescrire à tous les fonctionnaires des douanes de réserver toutes les monnaies qu'ils recevront pour Constantinople ;

De faire l'assortiment bien exact et bien complet des coupures de caïmé réclamées par le public ;

De donner cours au cuivre dans tout le pays en l'assimilant au caïmé dont il serait la fraction jusqu'à concurrence de 4 piastres 35 paras, les caisses publiques de l'Empire devant le recevoir ainsi ; tout paiement de 5 piastres et au-dessus devant être fait en caïmé ;

De faire fabriquer, en Angleterre ou ici (en Angleterre de préférence) les pièces de cuivre nécessaires à cette circulation étendue à l'Empire, mais de ne pas frapper des pièces de une piastre qui sont trop lourdes et trop incommodes et qu'il conviendrait, au contraire, de retirer pour ne laisser circuler que des pièces de 5, 10 et 20 paras ;

De donner l'ordre à la Monnaie de ne pas frapper de monnaies d'argent jusqu'à nouvel ordre, puisque l'on vise pour le moment à la raréfaction des monnaies de ce métal.

De supprimer, par décret, l'usage qui s'est introduit du caïmé à 130. Cette pratique résulte des ordres donnés par le Gouvernement, dans les premiers jours de l'émission du caïmé, de changer 100 piastres en caïmé contre 130 en cuivre. Un décret du Gouvernement peut seul faire disparaître cet abus ;

Enfin d'autoriser de nouveau l'exportation des céréales de l'Empire.

Par l'ensemble de ces mesures qui nous paraissent être d'une application facile, nous avons la ferme confiance que le prix du caïmé finit en s'améliorant progressivement, tout en préparant les voies à l'établissement, dans l'Empire, d'un système monétaire régulier et désormais à l'abri de ces fluctuations soudaines qui, jusqu'à ce jour, ont si souvent entravé les transactions commerciales.

Constantinople, le 31 Décembre, 1877.

(Signé) EM. DEVEAUX.
E. MERCET.
Z. STEFANOVICH.
L. ZARIFI.
J. von HAAS.

Nous soussignés faisant partie de la Commission, après avoir entendu la lecture du rapport ci-dessus, adhérons en principe aux conclusions du dit rapport.

Ce 12 Janvier, 1878.

(Signé) G. CORONIO.
B. TUBINI.
JEAN CHICHMANOGLOU.
ARTIN TAVOUKDJI.
ANTOINE FOLTZ.
S. MAKSOUD.
A. P. MAVROGORDATO.
ALFRED BARKER.
S. FERNANDEZ.

No. 267*.

Lord Tenterden to Mr. Guédalla.

Sir, *Foreign Office, February 4*, 1878.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 30th ultimo, pointing out that the interests of the English holders of the General Debt of Turkey Five Per Cent., 1865-74, would be affected by the incorporation of certain provinces of the Ottoman Empire into another kingdom.

I am, &c.

(Signed) TENTERDEN.

No. 268.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, February 18*, 1878.

I HAVE the honour to inform your Excellency that the Lords of Her Majesty's Treasury have notified to me that the funds have not been provided by the Turkish Government for the payment of the interest due on the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855; and that under these circumstances they have, in virtue of the powers vested in them by the 1st section of Act 18 and 19 Vict., cap. 99, authorized the Bank of England to advance the sum of 76,304*l.* to meet the charge (including the interest due on the bonds drawn for redemption on the 1st August last) in order that the guarantee of Her Majesty, given jointly with that of the French Government, may be satisfied.

I have the honour to request that your Excellency will draw the attention of the Porte to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially of the annual amount of the tribute of Egypt, which remains over and above the part thereof appropriated to the first loan of 1854, and, moreover, on the customs of Smyrna and Syria.

Her Majesty's Government feel confident that every effort will be made by the Porte to satisfy fully the obligation which they have undertaken towards the Guaranteeing Powers, and I have, therefore, the honour to request that your Excellency will at once remind the Turkish Government of the neglect to provide the funds required for the payment of the coupons of the 1st instant.

I am, &c.

(Signed) DERBY.

No. 269.

Lord Tenterden to Colonel Stanley.

Sir, *Foreign Office, February* 18, 1878.

IN reply to your letter of the 31st ultimo, I am directed by the Earl of Derby to transmit to you a copy of a note which his Lordship has addressed to the Turkish Ambassador at this Court,* calling his attention to the failure of the Porte to provide funds for the payment of the interest due on the 1st instant on the Imperial Ottoman Guaranteed Loan of 1855.

I am to add that Lord Derby will communicate a copy of your letter to Her Majesty's Ambassador at Paris, with instructions to call the attention of the French Government to the matter.

I am, &c.
(Signed) TENTERDEN.

No. 270.

Mr. Palmer to Lord Tenterden.—(Received February 26.)

Dear Lord Tenterden, *Bank of England, February* 26, 1878.

WILL you oblige Mr. Bouverie and myself by allowing the inclosed to go with your next despatches to Constantinople, and let Mr. Layard be requested to deliver it?

If you have time to peruse the letter, you will see that a portion of the contents is not without interest to the English and French Governments.

Believe me, &c.
(Signed) EDWD. H. PALMER.

Inclosure in No. 270.

Messrs. Palmer and Bouverie to Kiani Pasha.

Sir, *London, February* 26, 1878.

YOUR Excellency has been long since acquainted with the agreements entered into between the Representative of the Imperial Government and ourselves as representing the holders of bonds of the loans raised by the Imperial Government in 1854 and 1871, secured principal and interest upon the tribute payable by His Highness the Khedive of Egypt to His Majesty the Sultan.

Those agreements, dated the 17th September last, contain, amongst other clauses, the following, viz., Clauses 10 and 11, under which an Imperial Firman is to be issued to His Highness the Khedive, giving special directions as to the remittances to be made to the Bank of England for the service of the two loans, which Firman His Highness is to acknowledge, and to bind himself and his successors to pay the several sums at the periods indicated. It is further stipulated that the Firman shall be officially notified to the British Government, and that an authenticated copy of that instrument and the original engagement by His Highness the Khedive shall be delivered to us.

The agreement referring to the Imperial Loan of 1854 has a schedule attached, specifying the dates on which the remittances appertaining to that loan, as well as to the Guaranteed Loan of 1855, are to be in the Bank of England.

We have now to acquaint your Excellency, that up to the present time the Firman itself is the only document which has reached us, and that was only delivered on the 21st instant. The original engagement of His Highness the Khedive, and a copy of the notification to the British Government are still wanting. We have also to state that no remittances have yet reached the Bank of England.

The first consequence of this irregularity is, that not having received the sum of 36,000*l.* which ought to have been in the Bank of England in December and January last, Her Majesty's Government have been compelled to advance the entire sum due for interest on the Guaranteed Loan on the 1st instant.

* No. 268.

We venture to hope that your Excellency will see the propriety of issuing immediate orders for the delivery of the documents to us in accordance with the provisions of the Agreements, and further, for the remittances to the Bank of England as stipulated in the Agreement affecting the Imperial Loan of 1854.

We have, &c.
(Signed) EDWD. HOWLEY PALMER.
E. P. BOUVERIE.

No. 271.

The Earl of Derby to Lord Lyons.

(No. 158.)

My Lord, *Foreign Office, February* 26, 1878.

WITH reference to my despatch to Mr. Adams, No. 464 of the 9th August last, I now transmit to your Excellency a copy of a letter from the Treasury,* inclosing a copy of a letter from the Bank of England, stating that funds have not been provided by the Turkish Government to meet the interest and commission, due on the 1st instant, on the Turkish Guaranteed Loan of 1855; in consequence of which Her Majesty's Government have been under the obligation of advancing the amount required to fulfil the guarantee given jointly by Her Majesty and the French Government.

I also inclose a copy of my reply to the Treasury,† and of a letter which I have addressed to Musurus Pasha,‡ calling attention to the obligations entered into by the Turkish Government in regard to this loan; and at the request of the Board of Treasury I have to beg that your Excellency will make known these circumstances to the French Government, who will, Her Majesty's Government do not doubt, address a corresponding representation to the Turkish Government on this subject.

I am, &c.
(Signed) DERBY.

No. 272.

Lord Tenterden to Mr. Palmer.

Sir, *Foreign Office, February* 27, 1878.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 26th instant, and in reply I am to state to you that the letter inclosed therein, addressed to the Turkish Minister of Finance, will be transmitted to Mr. Layard in the despatch-bag, and forwarded in the same way as other letters addressed to Constantinople.

I am, &c.
(Signed) TENTERDEN.

No. 272*.

Mr. Guedalla to the Earl of Derby.—(Received February 28.)

My Lord, *Hanover Square Club, Hanover Square, February* 28, 1878.

AS Chairman of the English Committee of the General Debt of Turkey Five Per Cent., 1865-73, I beg leave to express to your Lordship our alarm at the monstrous pretensions put forth by Russia, which are calculated to completely ruin the unfortunate holders of existing Turkish Loans. We therefore appeal to your Lordship for such protection of our interests as your Lordship may be able to grant us, and I now proceed to state our case as briefly as possible.

Proposals, it seems, have been made for annexing to Russia, and to the territories of her allies, several parts of the Ottoman dominions in Europe and Asia, and for so reorganizing portions of the Empire as to extinguish or limit their contributions to the Imperial Treasury.

Apart from the grave national consideration that any such changes would constitute a breach of international faith and honour, affecting the good name and

* No. 266. † No. 269. ‡ No. 2[illegible]

credit, not only of Russia, but also, and in a greater degree (for they have not the right which war gives), of the other States parties to the Treaties of 1856 and 1871, it may be of advantage to consider how far such changes would affect the rights and interests individually, of the English and Foreign Bondholders of Turkish securities.

Since 1853-54, Turkey has contracted with them—principally, if not exclusively—a foreign debt, amounting to about 180,000,000*l.* nominal capital.

1. This money was lent to her as an independent State, guaranteed in her then existing integrity of empire in Europe and Asia, by Austria, France, Great Britain, Italy, Russia, and Prussia. Of course, that European guarantee enhanced the security in the estimation of the lenders, and formed a material ingredient in the promotion of the loans.

In other words, to use the familiar expression of bankers, six Great Powers of Europe, including Russia herself, "introduced" the Sultan to capitalists as a customer with whom they might deal.

2. In addition to such an attraction, the lenders had the general lien which attaches to all public debts, and is well-defined by Mr. Justice Blackstone. (See Note P, page 491, of "Smith's Wealth of Nations," by McCulloch.)

"What is the pledge which the public faith has pawned for the security of these (National) debts? The land, the trade, and the personal industry of the subject, from which the money must arise that supplies the several taxes. In these, therefore, and in these only, the property of the public creditors does really and intrinsically exist; and of course the land, the trade, and the personal industry of individuals are diminished in their true value, just as much as they are pledged to answer."

3. And various portions of the debt were charged on the Tribute of Egypt, and the Customs duties of Syria, on the Customs duties and octrois of Constantinople, and general revenues of the Empire; on the tobacco, salt, stamp, and licence duties, on the Imperial Customs and tithes, on the security of the sheep-tax of Roumelia and the Archipelagus, and the produce of the mines of Tokat, and on a variety of special taxes, imposts, and tithes, as well as on the general revenues, "present and future," of Turkey.

Under these three heads the security of the bondholder is based, and the Ottoman Empire, whether in Europe or Asia, is thus primarily charged with the debt.

The security overrides the land and the whole Imperial resources, and these are both generally and specially pledged for the payment of the debt which attaches to every part and parcel of the Empire.

No alienation of territory would free the ceded part from its liabilities, the one being the National Debt attaching to it previous to the war.

With respect to it, the conqueror could only put himself in the place of the Sovereign whom he had dispossessed.

"The conqueror who takes a town or province from his enemy cannot justly acquire over it any other rights than such as belonged to the Sovereign against whom he took up arms." (Vattel, 387.)

"The property belonging to the Government of the vanquished State passes to the victorious State, which also takes the place of the former Sovereign in respect of the eminent domain. In other respects, private rights are unaffected by conquest." (Wheaton, 2, page 82.)

As to such rights (of neutrals), Vattell says (page 322):—

"It is not the place where a thing is which determines the nature of that thing, but the character of the person to whom it belongs; things belonging to neutral persons which happen to be in an enemy's country, or on board an enemy's ships, are to be distinguished from those which belong to the enemy."

Again, the money lent was a deposit confided to the public faith:—

"This deposit being found on our hands only in account of that confidence which the proprietor has reposed in our good faith, ought to be respected even in open war. Such is the usage in France, in England, and elsewhere in respect to money placed by foreigners in the public funds." (Wheaton, vol. xi, page 17, quoting Vattel.)

As between belligerents, Russia during the Crimean War honourably fulfilled this obligation in the regular payment of the dividends due on her Foreign Debt. *A fortiori*, would the obligation attach as between belligerent and neutrals.

The debt due to such neutrals may be likened to neutral goods under the enemy's flag, which, by the Declaration of Paris, in 1856, are declared to be exempt from confiscation. Or, applying the principles of law and justice in the ordinary transactions of civilized life, the foreign creditor may be considered as standing in the

position of a mortgagee, whose claim must be satisfied before the mortgagor or his assigns can make valid title to the estate charged with the debt, and such creditor would have full right to refuse to accept any lessened part of or substitute for his actual security.

No change of proprietorship of the territories pledged for the payment of the debt could justly, or in accordance with international usage, impair, or even vary the security without the consent of the bondholder, direct or indirect.

And it may even be urged in the present case, that the bondholders ought to have priority of claim over any fresh debt, be this in the form of a war indemnity or of any other charge posterior to the creation of the original one.

Should, then, any cession of Turkish territory be proposed, it will be duty of the Governments of the various countries whose respective subjects are interested in this question, to protect their rights and secure them from loss, by ensuring a just and proper provision for them in the Treaty of Peace which, it may now be expected, will be made, or in such other manner as will be equitable.

Such protection may well form one of the subjects for deliberation and adjudication by the European Congress which must be called together to settle definitely the Eastern Question.

Many precedents, enforcing the principle that debts attaching to countries are to be respected, that on alienation such debts were adopted by the successive proprietors, and that in case of severance such debts were duly apportioned, may be found in many Treaties of the present century, and the following (*inter alia*) may be adduced:—

1. By Article VIII of the Treaty of Luneville in 1801 it was determined that the new possessors of ceded countries (including the territories on the left bank of the Rhine) should be charged with the debts hypothecated thereon. On the fall of Napoleon it was provided by Article XXI of the Treaty of Paris in 1814 that the debts specially hypothecated in their origin on the countries which ceased to belong to France, or contracted for their internal administration, should remain chargeable on such countries. And in pursuance of this stipulation it was enacted by Article XXV of the Treaty of Vienna of 1815 that the King of Prussia should, on his acquisition of the said countries on the left bank of the Rhine, take upon himself all the charges and all the stipulated engagements with respect to those countries detached from France by the above-named Treaty of Paris.

2. On the renunciation by the Grand Duke of Tuscany of that Duchy the debts duly hypothecated on it were passed over to its new possessor, the Duke of Parma. (Treaty of Luneville, Article V). On the restoration of the Grand Duke of Tuscany to that Duchy it was (in pursuance of Article XXI of the Treaty of Paris) enacted by Article C of the Treaty of Vienna, that the Grand Duke should hold the Grand Duchy in such manner as he possessed it previous to the Treaty of Luneville.

3. On the separation of Belgium from Holland a division was made of the Public Debt of the Kingdom of the Netherlands, and a part of it was, by Article XIII of the Treaty of 1830, transferred from the Debit of the General Treasury of the King of the Netherlands to the Debit on the Great Book of Belgium.

4. On the separation of Texas from Mexico the former Republic, by Convention of November 14th, 1840, took upon itself a portion of the capital of the foreign debt contracted previously by the Mexican Government.

5. On the separation of the Ionian Isles from Great Britain Greece undertook the public debt and other engagements attaching thereto. (Treaty of March, 1864).

6. On the acquisition by Italy of parts of the Papal Territories a re-partition was made in 1866-68, whereby a proportionate part of the Pontifical Debt was transferred to the Great Book of Italy, in consideration for the annexation to Italy of the Provinces of Romagna, the Marches, Ombria, Benevent, &c.

7. On the cession of Lombardy to Italy the latter undertook the charge of portions of the Monte-Lombardo-Veneto Debt, and of the National Loan of 1854. (Treaty of Zurich, November 10th, 1859, Article VII, &c., Convention of September 9th, 1860).

8. On the cession of Venice and the union of the Lombardo-Venetian Kingdom to Italy, the latter took upon itself the debts charged on the ceded territories. (Treaty of Prague, August 23rd, and Treaty of October 3rd, 1866).

9. On the annexation of Savoy and Nice to France the latter became charged with a portion of the Sardinian Public Debt. (Treaty of March 24th, 1860, Article IV, and Convention of August 23rd, 1860, Article I, &c.)

10. On the severance of the Duchies of Schleswig-Holstein and Lauenburg from Denmark the public debt of the latter was apportioned, and part of it was charged on

the Duchies, and was guaranteed by Austria and Prussia. (Treaty of October 30th, 1864, Articles VIII-XI.)

But as regards the foreign holder of Turkish securities, his position would be very different, his interests would be ruinously prejudiced were he to look to Turkey only for the payment of his claims—to Turkey, dismembered and deprived of some of her richest and best portions in Europe and Asia, forming now material security for the debts attaching thereto—to Turkey, encumbered further with a pernicious crushing war indemnity, and the prospective evils certain to be fanned to flame in fanciful "Autonomies" in the very heart of her Empire.

The consideration of this subject has wider import than the present case. It affects not only the Turkish bondholder, but the interests of other foreign securities so largely held by British subjects. National debts have swollen to amounts threatening positive or eventual bankruptcy. Public faith is disregarded as to debts as well as Treaties, the payments of interest are in some cases suspended, and the dealings in their capital stock reduced to mere gambling transactions, and the question arises whether the unfortunate *bonâ fide* holder is to be left with no other means of redress than the mere hopeless appeal to the honour of a non-paying or aggressive State, whose resources are squandered in ambitious and extravagant purposes, at the expense and to the detriment of others, innocent and defrauded. The occasion now presents itself of at least safeguarding the bondholder of Turkish securities, by the action both of our own and of the other Governments interested in the matter, and if it is neglected no more disastrous incentive to wars of aggression could be devised than the tacit or overt recognition of any right of a victor to appropriate or assign to others the territories of another State, and then free himself or them from the debts and liabilities attached previously to it.

In this instance least of all could Russia, on her own behalf or that of her allies, claim to hold lands wrested from Turkey, without sustaining a due share of the debt in the creation of which her own guarantee of the integrity of the Ottoman Empire in Europe and Asia was an important attraction to the bondholder, British or foreign, whose interests are now at stake.

I remain, &c.
(Signed) H. GUEDALLA.

No. 273.

Lord Tenterden to Mr. Guedalla.

Sir, *Foreign Office, March 2, 1878.*

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 28th ultimo, calling attention to the manner in which the interests of the Turkish bondholders may be prejudiced by the Terms of Peace now being negotiated between Russia and the Porte.

I am, &c.
(Signed) TENTERDEN.

No. 274.

Lord Lyons to the Earl of Derby.—(Received March 3.)

(No. 202.)
My Lord, *Paris, March 2, 1878.*

I HAVE the honour to inclose the copy of a note in which, in obedience to the instruction contained in your Lordship's despatch No. 158 of the 26th ultimo, I have called the attention of the French Government to the failure of the Porte to provide funds to meet the charges due on the 1st of last month, on the Turkish Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 274.

Lord Lyons to M. Waddington.

M. le Ministre, *Paris, March 2, 1878.*

HER Majesty's Government have been informed by a letter from the Bank of England, dated the 28th January last, of which I have the honour to transmit a copy to your Excellency, that funds have not been provided by the Ottoman Government to meet the interest and commission due on the 1st of last month on the Turkish Guaranteed Loan of 1855.

Her Majesty's Government have, in consequence, been under the obligation of advancing the amount required to fulfil the guarantee given jointly by the Governments of Great Britain and of France.

Her Majesty's Principal Secretary of State for Foreign Affairs has, moreover, addressed to the Ottoman Ambassador in London a note calling attention to the obligations entered into by the Turkish Government in regard to the loan in question, and I do myself the honour to communicate to your Excellency a copy of that note.

In bringing these circumstances to the knowledge of your Excellency, I have, in obedience to my instructions, to express the hope that the French Government may deem it right to address a corresponding representation to the Porte.

I have, &c.
(Signed) LYONS.

No. 275.

Colonel Stanley to Lord Tenterden.—(Received March 4.)

My Lord, *Treasury Chambers, March 2, 1878.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to call the attention of the Secretary of State to their Lordships' letter of the 31st January last, on the subject of the interest and sinking fund due on the 1st February, in respect of the Turkish Guaranteed Loan of 1855.

Lord Derby will recollect that, under the Treaty concluded in the last-named year between England, France, and Turkey, the Porte, on its part, undertook to provide interest and sinking fund on the loan then about to be raised under the guarantee of England and France, and that the English and French Governments on their parts undertook to provide the interest on the said loan, in the event of the Porte failing to do so.

On the 28th January last the Bank of England informed my Lords that the Porte had failed to provide interest and sinking fund due on the 1st proximo. My Lords, in reply, at once acknowledged their obligation to make good the default so far as interest was concerned, but, following precedent, they requested the Bank in the first instance to advance the sum due on account of interest, so as to afford the Porte an opportunity of fulfilling its engagements. They at the same time moved the Secretary of State to call upon the Porte to provide the moneys due under the Treaty of 1855, and they asked also that the French Government might be informed of the transactions.

More than a month has now elapsed since those letters were written, and up to the present time my Lords have received no reply from the Porte as to the course which it proposes to follow, nor have they been favoured with any intimation of the views of the French Government.*

In the meantime the advance made by the Bank of England is bearing interest, and my Lords cannot undertake to extend longer the grace which they have allowed, as an act of courtesy, to the Ottoman Government. They propose, therefore, in pursuance of the powers vested in them by the Act of Parliament confirming the provisions of the Treaty of 1855, to issue from the Consolidated Fund the amount of the interest due on the 1st February last, and in accordance with the terms of the declaration exchanged between England and France, under date of July 27, 1855, they will call upon the French Government to repay to them one moiety of the sum issued to make good the default of the Ottoman Government.

My Lords will at the same time request the Secretary of State to obtain from the French Government an expression of their views as to the steps which should be taken

* Lord Lyons represented the matter in a note dated March 2, inclosed in his No. 202 of same date.

in order to ensure observance of the engagements contracted under the Treaty of 1855.

By that Treaty the whole revenues of the Ottoman Empire, and more especially that portion of the Egyptian tribute not required to meet the charge of the Turkish Loan of 1854, and the customs of Smyrna and Syria, are made security for the interest and sinking fund of the Guaranteed Loan. In practice that portion of the then existing tribute of Egypt which was not required for the loan of 1854 (amounting to about 72,000*l.* a year) has been placed at the disposal of the Bank of England in part payment of the charge of the loan of 1855, the balance being remitted by the Ottoman Government out of its general revenue.

The Secretary of State is aware that an agreement was concluded during the past year between the Porte and the bondholders of 1854 and 1871, by which the latter accepted in discharge of their claims a smaller annual payment than heretofore, setting free thereby a portion of the Egyptian tribute.

The Khedive, however, is still bound to remit to the Bank of England yearly a certain portion of the Egyptian tribute, viz., a sum sufficient to provide the diminished claim of the bondholders of 1854 and 1871, and the sum of 72,000*l.* heretofore paid out of the original tribute of Egypt towards the Guaranteed Loan of 1855.

But it appears that the Khedive has not obeyed the directions of the Porte, and that that part of the annual sum of 72,000*l.* which should have been available before the 1st February last has not, up to the present, been received by the Bank of England.

Even if some allowance be made for the difficulties under which the Ottoman Government is now labouring, my Lords cannot understand that any benefit from that argument can be extended to the Khedive.

His Highness is bound by the Firman of his Suzerain to remit a certain sum yearly to the Bank of England, and a portion of that sum, when it arrives, is appropriated to meet the charge of the Guaranteed Loan, and *pro tanto* to diminish the charge to which the default of the Porte is about to subject the English and French Governments. His Highness, however, neglects to fulfil his obligation to the detriment of the English and French Governments. It appears to my Lords to be a matter for serious consideration whether a joint and energetic remonstrance should not be addressed by the two Governments to the Khedive, and my Lords would be glad if the Secretary of State would ascertain without delay the views of the French Government upon this point.

It might be desirable that the Ottoman Government should be informed that Her Majesty's Government, receiving no reply to the remonstrance recently addressed to it, is considering with the French Government the course to be adopted.

I am to state that my Lords, desiring to allow time for the consideration of the points raised in this letter, propose to defer directing issue from the Consolidated Fund of the amount advanced by the Bank of England on account of the Guaranteed Loan until this day week, the 9th instant.

I am, &c.
(Signed) FRED. STANLEY.

No. 276.

The Earl of Derby to Mr. Adams.

(No. 177.)
Sir, *Foreign Office, March 6, 1878.*

I HAVE received Lord Lyons' despatch No. 202 of the 2nd instant, referring to the non-fulfilment by the Porte of its obligations as regards the Guaranteed Loan of 1855, and I approve of the note which his Excellency has addressed to the French Government on the subject.

I am, &c.
(Signed) DERBY.

No. 277.

The Earl of Derby to Mr. Adams.

(No. 181.)
Sir, *Foreign Office, March 8, 1878.*

WITH reference to Lord Lyons' despatch No. 202 of the 2nd instant, inclosing a copy of a letter which his Excellency has addressed to M. Waddington respecting the interest and sinking fund due on the 1st ultimo, in respect of the Turkish Guaranteed Loan of 1855, and for which the Turkish Government has failed to provide, I now inclose a copy of a letter from the Treasury upon this subject.*

The Treasury, after referring to the conditions of the loan and the liabilities of the English and French Governments in connection with it, and to the arrangements come to with the Bank of England for meeting the present obligations of the two countries, explain that the period of grace allowed to the Ottoman Government to meet its liabilities at this period cannot be longer extended, and that they propose to issue from the Consolidated Fund the amount of the interest due on the 1st ultimo, and, in accordance with the terms of the declaration of 1855 between England and France, to request the French Government to repay to them the moiety of the sum issued to make good the default of the Turkish Government.

The Treasury further expresses its desire to be made acquainted with the views the French Government, as to the steps which should be taken in order to ensure observance of the engagements contracted by Turkey under the Treaty of 1855, by the terms of which the whole revenues of the Ottoman Empire, and more especially so much of the Egyptian tribute as is not required to meet the charge of the Turkish Loan of 1854, and the customs of Smyrna and Syria, are made securities for the interest and sinking fund of the Guaranteed Loan.

It appears, moreover, from the Treasury letter, that the Khedive has failed recently to fulfil his obligation to the Porte to remit to the Bank of England the last annual payment of 72,000*l.*, and that consequently that portion of the amount in question which should have been available on the 1st February for the purposes of the 1855 loan has not been forthcoming, and the Board of Treasury have raised the question whether a joint and energetic remonstrance should not be addressed by the Governments of England and France to the Khedive in regard to this breach of his engagements, and a representation be made to the Porte on the same subject.

I have accordingly to request that you will endeavour to ascertain the views of the French Government on the various points treated of in the Treasury letter; and in the meantime I contemplate proposing to the Treasury that Mr. Vivian should be instructed by telegraph to inquire why the Egyptian tribute has not been paid.

I am, &c.
(Signed) DERBY.

No. 278.

Sir A. Paget to the Earl of Derby.—(Received March 11.)

(No. 186.)
My Lord, *Rome, March 8, 1878.*

HER Majesty's Consul at Naples reports that a meeting of Turkish bondholders was held on the 6th instant in that city. It was attended by about 700 persons, and presided over by Commendatore Ciminiro.

The following resolution was passed unanimously:—

"The Italian holders of Turkish bonds, assembled in the Sannagaro Theatre in Naples on the 6th March, 1878, to invite the Italian Government to protect their interests in the present peace between Russia and Turkey;

"Considering that it is the general principle of law recognized by all nations, that the general public debt of a State remains hypothecated on the revenues or on the whole territory of the State, and that no portion can be ceded without the new acquiring State accepting a proportional part of the debt;

"Having heard the Memorandum drawn up by the Promoting Committee of the meeting;

"They decide that it shall be forwarded to the King's Government in the hope that the Government, of its own initiative or by union with England and France, will

* No. 276.

protect, in or out of the Conference, the interests of the Italian holders of Turkish bonds."

I have, &c.
(Signed) A. PAGET.

No. 279.

Mr. Adams to the Earl of Derby.—(Received March 11.)

(No. 228.)
My Lord, *Paris, March 10, 1878.*

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 181 of the 8th instant, respecting the failure of the Ottoman Government to pay the interest and sinking fund due on the 1st ultimo in respect of the Turkish Guaranteed Loan of 1855.

I placed my communication in M. Waddington's hands this afternoon, with a request that his Excellency would favour me, at as early a date as possible, with the views of the French Government on the various points treated of in the Treasury letter of the 2nd instant; and I repeated that your Lordship contemplated proposing to the Treasury that Mr. Vivian should be instructed by telegraph to inquire why the Egyptian Tribute has not been paid.

M. Waddington promised to take this matter into consideration at once, and to inform me of the views of the French Government as soon as he was able to do so.

I have, &c.
(Signed) F. O. ADAMS.

No. 280.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, March 11, 1878.*

I AM directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords of the Treasury, the accompanying copy of an instruction which, in compliance with the suggestions contained in your letter of the 2nd instant, his Lordship has addressed to Her Majesty's Minister at Paris,* requesting him to ascertain the views of the French Government as to the action which it behoves the Governments of France and England to take in view of the failure of the Turkish Government to provide funds to meet the interest and sinking fund of the Guaranteed Loan of 1855, and I am at the same time to inclose a draft telegram which, with their Lordships' concurrence, Lord Derby proposes to address to Her Majesty's Agent and Consul-General in Egypt, directing him to inquire why the Egyptian tribute has not been paid into the Bank of England.

I am, &c.
(Signed) TENTERDEN.

No. 281.

Mr. Lingen to Lord Tenterden.—(Received March 12.)

My Lord, *Treasury Chambers, March 12, 1878.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 11th instant, inclosing a copy of an instruction which the Earl of Derby has addressed to Her Majesty's Minister at Paris, requesting him to ascertain the views of the French Government relative to the failure of the Turkish Government to provide funds to meet the interest and sinking fund of the Guaranteed Loan of 1855; and also a draft telegram which his Lordship proposes to address to Her Majesty's Agent and Consul-General in Egypt, directing him to inquire why the Egyptian tribute has not been paid into the Bank of England.

* No. 277.

I am directed to return the draft telegram, and to state that my Lords concur with the Earl of Derby that the same should be forwarded as altered by the Chancellor of the Exchequer.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 282.

The Earl of Derby to Mr. Vivian.

(Telegraphic.) *Foreign Office, March 12, 1878, 6·20 P.M.*

THE Treasury state that the Khedive has recently failed to fulfil his obligation to the Porte to remit to the Bank of England a certain portion of the Egyptian tribute, amounting to about 400,000*l.*, viz., a sum sufficient, under recent arrangement, to meet the readjusted claims of the bondholders of 1854 and 1871, and the sum of 72,000*l.* hitherto paid out of the original tribute of Egypt towards the Guaranteed Loan of 1855, and that that part of this annual sum, which should have been available before the 1st February, to help to meet the charges of the Turkish Guaranteed Loan of 1855, has not, up to the present, been received by the Bank of England.

Inquire why the Egyptian tribute has not been paid in as usual.

No. 283.

The Earl of Derby to Mr. Vivian.

(No. 42. Confidential.)
Sir, *Foreign Office, March 12, 1878.*

I TRANSMIT to you herewith, for your information, a copy of a letter from the Treasury* respecting the failure of the Porte to provide the amount due to meet the interest and sinking fund of the Ottoman Guaranteed Loan of 1855, and the steps which in consequence it behoves Her Majesty's Government to take; and, with reference to the statement that the Khedive has recently failed to fulfil his obligation to the Porte to remit to the Bank of England a certain portion of the Egyptian tribute, I have to have to instruct you to inquire why the Egyptian tribute has not been paid in as usual.

I am, &c.
(Signed) DERBY.

No. 284.

The Earl of Derby to Mr. Layard.

(No. 351.)
Sir, *Foreign Office, March 12, 1878.*

I TRANSMIT to your Excellency herewith, for your information, copies of correspondence, as marked in the margin,† relative to the failure of the Turkish Government to provide funds to meet the charges of the interest and sinking fund of the Turkish Guaranteed Loan of 1855.

I am, &c.
(Signed) DERBY.

No. 285.

Mr. Adams to the Earl of Derby.—(Received March 13.)

(No. 234.)
My Lord, *Paris, March 12, 1878.*

WITH reference to your Lordship's despatch No. 181 of the 8th instant, and to my despatch No. 228 of the 10th instant, respecting the failure of the Ottoman Government to pay the interest and sinking fund due on the 1st ultimo in respect of the Turkish Guaranteed Loan of 1855, I have the honour to transmit herewith a copy of a note which M. Waddington placed in my hands this afternoon.

* No. 276. † Nos. 275 and 277.

M. Waddington states that he has no hesitation in acknowledging that the steps taken by Her Majesty's Government in this matter are quite in conformity with the terms of the Declaration of the 27th July, 1855, and that he will not fail to concert measures with the Minister of Finance for remitting to Her Majesty's Government the half of the sum advanced by the English Treasury as soon as the amount has been communicated to the French Government.

M. Waddington is also of opinion that energetic remonstrances should be addressed by the two Governments to the Porte and to the Khedive, as suggested in your Lordship's despatch, and his Excellency says that he proposes to send without delay, by the most expeditious channel, instructions in the desired sense to the French Ambassador at Constantinople and the French Agent in Egypt, and to direct them to act in concert with their English colleagues.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 285.

M. Waddington to Mr. Adams.

M. le Ministre, *Paris, le 11 Mars*, 1878.

J'AI reçu la lettre de Lord Lyons en date du 2 de ce mois, et celle que vous avez bien voulu m'adresser vous-même à la date d'hier, concernant le service de l'Emprunt Turc de 1855. Il résulte de cette double communication que les fonds qui auraient dû être déposés par le Gouvernement Ottoman à la Banque d'Angleterre, pour faire face à l'échéance du 1er Février dernier, n'ont pas été fournis, et qu'en conséquence le Trésor Anglais se considère comme obligé de couvrir les avances de la Banque d'Angleterre, conformément au Traité de Garantie du 27 Juin, 1855, et à la Déclaration échangée le 27 Juillet de la même année entre la Grande Bretagne et la France.

Des mesures à cet effet ont dû être prises le 9 de ce mois, et le Gouvernement de la Reine attend du Gouvernement Français qu'il lui rembourse la moitié des sommes requises pour satisfaire aux obligations que les deux Gouvernements ont contractés comme garants de l'emprunt en question.

Je n'hésite pas à reconnaître que la marche suivie en cette occasion est parfaitement conforme aux termes de la Déclaration du 27 Juillet, 1855, et je ne manquerai pas de me concerter avec M. le Ministre des Finances pour la remise au Gouvernement de la Reine de la moitié du compte des sommes avancées par le Trésor Anglais, aussitôt après que le compte nous aura été communiqué.

Vous m'exprimez, en outre, dans votre office, le désir de votre Gouvernement que des représentations collectives soient adressées par la France et l'Angleterre, d'une part, à la Porte Ottomane pour sa négligence à assurer le paiement de l'échéance du 1er Février dernier; d'autre part, au Vice-Roi d'Egypte, pour s'être dispensé de remettre à la Banque d'Angleterre, ainsi qu'il y était tenu, le dernier versement annuel de 72,000 livres sterling, à valoir sur le tribut de l'Egypte, destiné à pourvoir en partie au service de l'Emprunt Turc de 1855. Vous m'annoncez que Lord Derby est dans l'intention d'inviter, par le télégraphe, Mr. Vivian à s'informer auprès du Khédive des raisons pour lesquelles le tribut de l'Egypte n'a pas été payé.

Je m'empresse de vous faire savoir que le Gouvernement Français partage les vues exposées dans les communications que vous m'avez fait l'honneur de me transmettre, touchant l'opportunité d'adresser des remontrances énergiques au nom de nos deux Gouvernements, d'abord à la Porte Ottomane, qui a affecté, par un Traité solennel, au service de l'Emprunt de 1855, divers revenus de l'Empire Turc, et en particulier la partie du tribut d'Egypte non employée pour le service de l'Emprunt de 1854; puis aussi au Vice-Roi d'Egypte, que son devoir envers son suzerain obligeait à un versement régulier, assurant le payement des arrérages et du fonds d'amortissement de l'emprunt garanti par les deux Puissances. Je me propose d'envoyer, sans retard, par la voie la plus prompte, des instructions dans ce sens à l'Ambassadeur de France à Constantinople et à l'Agent Français en Egypte, en les informant des dispositions du Gouvernement de la Reine, et en les invitant à concerter leurs démarches avec leurs collègues Anglais.

Agréez, &c.
(Signé) WADDINGTON.

No. 286.

Mr. Vivian to the Earl of Derby.—(*Received March* 14.)

(Telegraphic.) *Cairo, March* 14, 1878.

WITH reference to your telegram of the 12th, Minister of Finance undertakes to pay into the Bank of England on Monday next, the 10th instant (*sic*), 10,732*l.* 10*s.* 0*d.*, being the amount of two Tribute instalments which fell due on the 10th January last, on account of the Loans of 1854 and 1855.

Penury of the Treasury is pleaded as the excuse for failing to make these payments in time.

No. 287.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, March* 15, 1878.

WITH reference to my letter of the 11th instant, I am directed by the Earl of Derby to request that you will lay before the Lords Commissioners of the Treasury, with as little delay as possible, the accompanying draft telegram, which, with their Lordships' concurrence, Lord Derby proposes to address to Her Majesty's Ambassador at Constantinople, instructing him to address an energetic remonstrance to the Porte on the subject of its default to meet the payments due on the Turkish Guaranteed Loan of 1855.

I am, &c.
(Signed) TENTERDEN.

Inclosure in No. 287.

Draft of Telegram to Mr. Layard.

Foreign Office, March , 1878.

A NOTE was addressed to Musurus Pasha on the 18th ultimo, respecting non-payment by Turkish Government of interest on Guaranteed Loan of 1855. According to terms of Convention orders have now been given for issue of amount from Consolidated Fund, half of which will be claimed from France.

French Government are instructing their Ambassador at Constantinople to address energetic remonstrance to the Porte against the delay, and you will make a similar representation.

In reply to a communication made by Mr. Vivian, Khedive has notified his intention of paying on Monday next 10,732*l.* 10*s.* 0*d.*, being the amount of two Tribute instalments, which fall due on January 10, on account of the Loans of 1854 and 1855.

No. 288.

Musurus Pasha to the Earl of Derby.—(*Received March* 16.)

My Lord, *Ambassade Impériale Ottomane, Londres, le 15 Mars*, 1878.

J'AI l'honneur d'informer votre Excellence que, en vertu de deux arrangements conclus le 17 Septembre, 1877, entre son Excellence Zuhdi Effendi, Sous-Secrétaire d'Etat au Ministère Impérial des Finances, agissant au nom et par ordre de la Sublime Porte, d'une part, et MM. Edward Howley Palmer et Edward Ployden Bouverie, agissant au nom et comme représentants des porteurs de titres des Emprunts Ottomans de 1854 et de 1871 d'autre part, Sa Majesté Impériale le Sultan a, par un Firman qui a été délivré à MM. Palmer et Bouverie, ordonné à Son Altesse le Khedive d'Egypte de remettre et de verser directement à la Banque d'Angleterre les sommes annuelles de 99,511*l.* 11*s.* 7*d.*, et de 229,737*l.* 14*s.* 0*d.*, pour compte du tribut annuel, payable par Son Altesse le Khédive à Sa Majesté Impériale, et cela jusqu'à ce que les dits Emprunts de 1854 et 1871 soient complètement remboursés, conformément aux termes des arrangements ci-dessus mentionnés.

En notifiant ce qui précède à votre Excellence, par ordre de mon Gouvernement, j'ai l'honneur de lui transmettre ci-joint une copie du Firman précité, accompagné de sa traduction, ainsi que les copies des deux arrangements sus-mentionnés.

J'ai, &c.

(Signé) MUSURUS.

Inclosure 1 in No. 288.

An Agreement made the 17th day of September, 1877, between His Excellency Zuhdy Effendy, Under Secretary of State for Finance of the Imperial Ottoman Empire, Director-General of the Mines and Forests, Governor of the General Debt, and decorated with the Order of the Medjidie of the Second Class, now temporarily residing in London, acting under the authority of His Imperial Majesty the Sultan, and on behalf of the Imperial Ottoman Government, of the one part, Edward Howley Palmer, of King's Arms Yard, in the City of London, Esquire, and the Right Honourable Edward Pleydell Bouverie, of Wilton Crescent, in the County of Middlesex, one of Her Majesty's Privy Councillors, acting as Agents and Representatives of the holders of bonds of the Imperial Turkish Six Per Cent. Loan, 1854, of the other part:

WHEREAS in the year 1854, a loan of 3,000,000*l.* was raised on behalf of His Majesty the Sultan, and was represented by certificates or bonds to bearer, with coupons for interest at the rate of 6 per cent. per annum, payable half-yearly on each 10th day of April and 10th day of October; and by the general bond, dated the 24th day of August, 1854, by which the said loan was secured, it was provided that a sum equal to 1 per cent. on so much of the said loan as should be negotiated (which amounted to 3,000,000*l.*) together with a sum equal to one year's interest on so much of the loan as should have been redeemed should be employed annually on the 10th day of October, commencing in the year 1856, in redeeming the said loan at par, and the sums required for the payment of interest on and the redemption of the said loan were charged upon and made payable out of the annual sum of 282,000*l.* sterling, part of the tribute of Egypt then payable:

And whereas the said annual sum of 282,000*l.* has, since the issue of the said loan of 1854, been regularly paid into the Bank of England to an account entitled "Egyptian Tribute," and up to the 10th day of October, 1875, so much thereof as has been required for the service of the loan of 1854 was half-yearly paid over on the order of the Imperial Ottoman Ambassador in London to the agents for the said loan:

And whereas, although the full amount of the said tribute has been continued to be remitted by His Highness the Khedive of Egypt to the Bank of England, the Imperial Ottoman Ambassador in London has, since the month of October, 1875, only signed orders for one-half instead as theretofore the whole of the amounts required for the service of the said loan of 1854, and, accordingly, only one-half of the amounts due for interest and sinking fund in respect of the said loan has, since that day, been paid to the holders of the coupons and drawn bonds of the same loan, and there is now remaining unpaid on the interest coupons of the said loan of 1854 due on the 10th day of April and the 10th day of October, 1876, and on the 10th day of April, 1877, respectively, the aggregate sum of 83,890*l.* 10*s.*, being one-half of the amounts thereof, and on the several bonds of that loan, which were drawn on the 26th day of July, 1876, for redemption at par on the 10th day of October, 1876, respectively, the aggregate sum of 48,100*l.*, being one-half of the amounts thereof:

And whereas no bonds of the loan of 1854 have been drawn for redemption in the present year:

And whereas the Government of His Imperial Majesty the Sultan having made proposals for varying the terms of the said loan of 1854, as regards the amount of annual interest and sinking fund, a general public meeting of the holders of bonds of the Imperial Turkish Six Per Cent. Loan, 1854, was held to consider such proposals on the 24th day of July, 1877, at the City Terminus Hotel, in the City of London, and at such meeting the following resolution was passed:—

"The bondholders having considered the terms of arrangement proposed by the Imperial Ottoman Government, the holders of the bonds of the 1854 loan consent to a reduction in the rate of interest to 5 per cent. interest, with ½ per cent. sinking fund, to be calculated and payable on the existing nominal amount of the loan, viz., 1,800,300. The bondholders agree to accept the reduction on condition that the money now in the Bank of England applicable to the loan of 1854 shall be paid out to the holders of the coupons and drawn bonds of that loan without any deduction whatever. The bondholders authorize Mr. Edward Howley Palmer and Mr. Edward Pleydell Bouverie to conclude an arrangement with the Imperial Ottoman Government embodying these terms, which shall be binding both according to the law of this country and that of Turkey."

Now it is hereby agreed between and by the parties hereto as follows, that is to say: That—

1. The conditions and provisions of the said general bond of 24th August, 1854, shall continue in force except so far as the same are hereby varied, and nothing herein contained shall deprive the holders of bonds of the said loan of 1854 of any priority in security or otherwise which they now have over the bonds of the Guaranteed Turkish loan of 1855.

2. The persons for the time being, and from time to time becoming entitled to the interest on the said loan of 1854, due and to become due from and after the 10th day of April, 1877, will accept payment of interest thereon from and after that day at the rate of 5*l.* per cent. per annum instead of at the rate of 6*l.* per cent. per annum, and the original rate of interest shall be and is reduced to 5*l.* per cent. per annum accordingly. The amount to be employed annually in redeeming the said loan shall be ½ per cent., to be calculated on 1,800,300*l.*, the existing nominal amount of the loan, plus the interest on so much of the loan as shall hereafter be from time to time redeemed.

3. The next drawing for ascertaining what bonds are to be redeemed shall take place within one calendar month from the date of this Agreement.

4. The amount as from the 10th day of April, 1877, and thenceforth to be remitted by His Highness the Khedive for the payment of the interest upon and the redemption of the said loan, together with the service commission, shall be reduced to 99,511*l.* 11*s.* 7*d.* sterling, which reduced amount shall be remitted and paid to the Bank of England in every year until the whole of the bonds of the said loan have been redeemed, and the sums so remitted and paid shall, without any further authority from the Ottoman Government, be paid over by the Bank of England to, or placed to the credit of, Messrs. Dent, Palmer, & Co., or other the agents or trustees of the said loan, to be applied by them to the payment of the said reduced interest, redemption, and service commission. To facilitate the punctual fulfilment of this agreement His Highness the Khedive shall remit the said reduced amount of 99,511*l.* 11*s.* 7*d.* at the dates and by the instalments set forth in the first and second columns of the Schedule hereto; the remittances set forth in the third column of that Schedule being those which are to be made to the Bank of England in respect of the Turkish Guaranteed loan of 1855.

5. These presents shall apply to all bonds of the said loan of 1854 not already drawn for payment which shall be presented to Messrs. Dent, Palmer, & Co., the present agents of the said loan, for the purpose of having endorsed thereon a printed or written Memorandum, stating that such bonds are held upon the terms of the said general bond of the 24th August, 1854, as varied by these presents.

6. Messrs. Dent, Palmer, & Co. shall keep a register of the numbers and amounts of all bonds presented to them for endorsement as provided by Article 5; such register to be at all times open to the inspection of the Imperial Ottoman Government Agents, to whom from time to time certified copies of it shall be delivered.

7. When and so soon as any bonds have been endorsed and registered as last aforesaid, all now overdue coupons originally attached thereto, and bearing the numbers thereof, shall be fully paid, and all coupons on the said bonds and bearing the numbers thereof hereafter to become due shall be paid at the said reduced rate.

8. All bonds which have been drawn for redemption prior to the date of this agreement and have not been paid in full shall be forthwith fully paid, and the now overdue interest coupons on bonds now already drawn for payment shall also be forthwith fully paid.

9. The Imperial Ottoman Government shall forthwith direct his Excellency Musurus Pasha to sign an order on the Bank of England to pay to, or place to the credit of, Messrs. Dent, Palmer, & Co., out of the sum of 161,295*l.* 12*s.* 3*d.* now

standing in the Bank of England to the credit of the account "Egyptian Tribute," the funds necessary for making the payments provided by Articles 7 and 8 of this Agreement as and when such payments shall be required for that purpose.

10. The Imperial Ottoman Government will, by an Imperial Firman, irrevocably direct the Khedive of Egypt to remit and pay to the Bank of England, by the instalments and at the dates aforesaid, the yearly sum of 99,511*l.* 11*s.* 7*d.*, part of the said tribute, for such a number of years as will be sufficient to extinguish the said 1854 loan, so that the said sums so remitted and paid may be paid over by the Bank of England to, or placed to the credit of, Messrs. Dent, Palmer, & Co., or other the agents or trustees for the time being for the holders of the said coupons and bonds respectively of the said loan, and entitled, in accordance with Article 5, to the benefit of this agreement, fifteen days at the least before each 10th day of October and 10th day of April henceforth. The said sums as part of the said tribute appropriated to the purposes aforesaid to be henceforth free from all control and interference by the Imperial Ottoman Government; and the Khedive of Egypt, on his part, shall acknowledge such directions and irrevocably bind himself and his successors so to remit and pay as aforesaid the said sum of 99,511*l.* 11*s.* 7*d.*

11. The Imperial Ottoman Government shall officially notify the said Firman to the British Government, and a duly certified and authenticated copy of such Firman and the original engagement by His Highness the Khedive shall be delivered to the said Edward Howley Palmer and Edward Ploydell Bouverie.

12. As soon as all the coupons originally attached to the said bonds representing the said loan of 1854 shall have become due or been cancelled, the Imperial Ottoman Ambassador in London shall cause to be delivered, free of cost, to the agents or trustees for the said loan in London, or to the respective holders of the said bonds, additional coupons for the interest thenceforward to become due, in accordance with this agreement, on the bonds then in force and not represented by the said original coupons, so that until the redemption of each bond the interest to become due thereon may always be represented by coupons.

13. A commission of 2,250*l.* 7*s.* 6*d.*, being at the rate of one-eighth of a pound per cent. on the present nominal amount of the 1854 Loan, shall be paid by the Imperial Ottoman Government to Messrs. Dent, Palmer, and Co., the agents of the said loan, for their trouble and responsibility in effecting the conversion, and to cover the legal and other expenses of and incidental to the preparation and execution of this agreement, and the negotiations antecedent thereto, and the stamping and registration of the bonds thereunder, and such commission shall be paid out of the balance in the Bank of England to the Egyptian Tribute Account before or cotemporaneously with the first payment from that account for the purposes of Articles 7 and 8.

14. This Agreement is signed by the said Edward Howley Palmer and Edward Ploydell Bouverie, only by virtue and in exercise of the authority given to them by the above-recited Resolution.

In witness whereof the parties to these presents have hereunto set their respective hands and seals, the day and year first above written.

(L.S.) ZUHDY.
(L.S.) EDWD. HOWLEY PALMER.
(L.S.) E. P. BOUVERIE.

THE Schedule above referred to.

Date of Remittance.	Remittances for the 1854 Loan. £	s.	d.	Remittances for the 1855 Loan. £	s.	d.
October 25	14,100	0	0			
November 15	14,100	0	0			
,, 30	14,100	0	0			
December 13	..			14,100	0	0
,, 27	..			14,100	0	0
January 10	2,932	10	9	7,800	0	0
June 26	..			15,700	0	0
July 12	..			15,700	0	0
,, 27	..			4,600	0	0
August 16	11,979	0	10			
,, 30	14,100	0	0			
September 13	14,100	0	0			
,, 27	14,100	0	0			
Total	99,511	11	7	72,000	0	0

Signed, sealed, and delivered by all the above parties in the presence of
WILLIAM D. FRESHFIELD,
5, Bank Buildings, London, Solicitor.
CHARLES BURT,
60, Threadneedle Street, Solicitor.

Certificate of Mr. Venn, Notary, attached to original Agreement; also *visé* of Ottoman Consul.

Inclosure 2 in No. 288.

Translation of an Imperial Turkish Firman.

(Imperial cypher.) { ABDU-'L-HAMÍD, Son of ABDU-'L-MAJÍD;
The KHAN; ever successful.

THE Under-Secretary of State of the Worshipful Ministry of Finance of the August Ottoman Realm, Zuhdi Effendi, whose eminence endure, one of the great functionaries of My exalted Empire, Commissioner for the general management of Mines and Forests, Comptroller of the General Annuities, decorated with and bearer of the insignia of the Second Class of the illustrious Mejidi Order, a Pride of the great and noble, distinguished among men of rank and dignity, endowed with all high and excellent qualities, favoured with abounding graces by the King Eternal, and now in London on a special extraordinary mission, having had full powers and absolute authorization conferred upon him with regard to the effectuation of certain modifications as to the moneys, &c., of the stated annual interests and sinking-funds provided for, from the first, out of the tribute of Egypt, in accordance with the agreements under which, on two several occasions two loans were contracted for in the years of the Nativity 1854 and 1871, in London, to the total nominal amount of 8,700,000*l.* sterling, certain communications and deliberations took place, in consequence, between him and Mr. Edward Howley Palmer, the original contractor for, and originator of the said two loans, who is now a representative of the holders of the bonds of the said loans, as also Governor of the Bank of England, together with another representative of the holders of the bonds of the said loans, the Right Honourable Edward Ploydell Bouverie, the result emanating from which was that, on the 24th day of July, in the present year of the Nativity, 1877, a general meeting was twice held at the City Terminus Hotel, in London, where the bondholders, *i.e.*, the proprietors of the bonds of the said two loans, definitively adopted, and unanimously agreed to, certain resolutions, and conferred full powers, in accordance with which, and, on their due submission for approval, in conformity with the exalted tenor of My gracious Imperial will and pleasure, deigned to be signified in honour thereupon, two Agreements, in

English, were drawn up and settled between the aforesaid Zuhdi Efendi and the above-named Mr. Edward Howley Palmer, together with the Right Honourable Edward Pleydell Bouverie, on the 17th September, in this year of the Nativity 1877; and, in accordance with the gracious tenor of another My illustrious Rescript issued in honour under date of the 27th of Sha'ban the Sacred, in the year of the Hijra, 1294 (5th September, 1877), have been signed and exchanged by the two parties, to the effect, besides other details, that:—

"As to the said loan of the year 1854:—In lieu of the interest of 6 per cent. per annum, and the sinking-fund of 1, assigned thereto out of the tribute of Egypt, there shall be paid an interest of 5 per cent. per annum, and a sinking-fund of a ½, upon the sum of 1,800,300*l.* sterling, its present outstanding residue, beyond what has been paid off from its nominal amount.

"With respect, also, to the loan of the year 1871:—In lieu of the interest of 6 per cent. per annum and the sinking-fund of 1, assigned thereto out of the tribute of Egypt, there shall be paid an interest of only 4½ per cent. per annum upon the sum of 5,378,700*l.* sterling, its present outstanding residue, beyond what has been paid off from its nominal amount. But, so soon as the above-mentioned nominal residue of 1,800,300*l.* sterling of the said loan of the year 1854 shall have been completely and entirely paid off, as aforesaid, by means of its new assignments, then the money for the above-recited interest of 5 per cent. per annum and sinking-fund of ½, belonging to it, shall be assigned and appropriated as a sinking-fund payable during the period until the complete and entire repayment and settlement of the said sum of 5,378,700*l.* sterling, the present outstanding residue of the said loan of the year 1871, beyond what has been paid off from its nominal amount.

"Out of the moneys of known amount, lying detained at the Bank of England in the name and on account of My exalted Empire at the time of the date of the two Agreements above-mentioned, the sum of 412,179*l.* sterling 16*s.* shall be forthwith paid in full and disbursed to the holders of the bonds, as the total of the remaining half, beyond what has been already paid, due, from the original assignments, on the three instalments for interest and sinking-fund of the said two loans, that became payable on the bygone 10th days of April and October in the year of the Nativity 1876, and April in the year of the Nativity 1877.

"The payment of the new assignments arranged and appropriated, out of the tribute of Egypt, as a modification and renewal, to form the revenue for the interest and sinking-funds of the said two loans, according to what is above set forth, shall begin and commence, computing from the instalment that will fall due after the instalment that became payable on the 10th day of April of this present year of the Nativity 1877, *i.e.*, on the 10th day of October (New Style) of this said year; the same arrangement continuing henceforward, also, perpetually observable.

"The remittance and payment of the afore-mentioned new assignments shall be made direct to the Bank of England at the appointed dates by the Worshipful Khédivate of Egypt, on account of the said two loans; and the same shall also be transferred thence, for delivery, instalment by instalment, to the holders of the bonds, without waiting for any kind of order or instruction on the august part of my Imperial Government, to the firm of Dent, Palmer, and Co., the present Trustees and Agents for the said two loans, or to such as may, hereafter, according to circumstances, become Trustee and Agent."

Those two agreements, *verbatim et literatim*, with the whole of their paragraphs and provisions, as set forth, are integrally accepted and confirmed on my august Imperial part—In consequence whereof, the provisions of the said Agreements are declared to be endowed and qualified with surpassing weight and importance, so as to be valid and binding under all circumstances, being held indefeasible until the complete payment and settlement, capital and interest, of both the said loans.

Furthermore, the 280,622*l.* sterling, 18*s.* and 4*d.* per annum, that remain to the credit of the Imperial Treasury out of the said tribute of Egypt, in consequence of the modifications effected in the annual assignments for interest and sinking-funds of these two loans, as aforesaid, may be henceforth spent and applied as judged expedient, the execution of an arrangement for its diversion and appropriation to another purpose will entirely fall within and accrue to the rights and powers of my august Empire.

Wherefore, these presents, my illustrious letters-patent, enunciatory thereof, having been issued and dispatched from my Imperial Chancery, let action and procedure be taken in conformity therewith.

Done this 6th day of the month Shawwál the venerated, in the year 1294 (13th October, 1877).

Given in the Capital City of Constantinople.

Translated by me and certified true to the original.

(Signed) J. W. REDHOUSE.

London, March 8, 1878.

No. 289.

Mr. Lingen to Lord Tenterden.—(Received March 19.)

Treasury Chambers, March 18, 1878.

My Lord,

IN reply to your letter of the 15th instant, I am directed by the Lords Commissioners of Her Majesty's Treasury to inform you that my Lords concur in the terms of the telegram which the Secretary of State proposes to send to Her Majesty's Ambassador at Constantinople on the subject of a remonstrance to be addressed to the Porte respecting the non-payment of interest on the Guaranteed Loan, but they would suggest that it would be better to omit the paragraph respecting the payment by the Khedive, as questions may arise as to the appropriation of the money so remitted, and my Lords have as yet no information on the subject.

I am, &c.

(Signed) R. R. W. LINGEN.

No. 290.

The Earl of Derby to Mr. Layard.

(Telegraphic.) *Foreign Office, March* 19, 1878, 5 P.M.

A NOTE was addressed to Musurus Pasha on 18th ultimo respecting non-payment by Turkish Government of interest on Guaranteed Loan of 1855. According to terms of Convention orders have now been given for issue of amount from Consolidated Fund, half of which will be claimed from France.

French Government are instructing their Ambassador at Constantinople to address energetic remonstrance to the Porte against the delay, and you will make a similar representation.

No. 291.

Musurus Pasha to the Earl of Derby.—(Received March 21.)

Ambassade Impériale Ottomane, Londres, le 20 *Mars,* 1878.

My Lord,

AYANT pris connaissance de l'interpellation faite à la séance d'hier de la Chambre des Communes au sujet des intérêts de l'Emprunt de 1855 pour le semestre échu le 1er Février dernier, je crois de mon devoir d'informer votre Excellence que, avant la réception de sa lettre du 18 du même mois, relative à ce sujet, et que je me suis empressé de communiquer à mon Gouvernement, j'avais reçu du Ministère Impérial des Affaires Etrangères une dépêche télégraphique m'annonçant, en réponse à celle que je lui avais adressée sur le même sujet à la suite d'une communication de la Banque d'Angleterre, que la Sublime Porte avait télégraphié à Son Altesse le Khédive d'Egypte de remettre immédiatement à la Banque d'Angleterre le montant des intérêts semestriels du dit emprunt, partie sur l'excédant du tribut annuel d'Egypte, partie sur la portion du tribut de l'année 1293 de l'Hégire revenant au Trésor Impérial, conformément aux arrangements faits dernièrement avec les porteurs des titres des Emprunts de 1854 et 1871; et j'ai l'honneur de joindre ici copie de la lettre que j'ai adressée en conséquence à la Banque d'Angleterre.

Informée des retards mis par l'Administration Egyptienne à remettre à la Banque d'Angleterre le montant sus-mentionné, la Sublime Porte m'a télégraphié, il y a trois jours, qu'elle s'est empressée de réitérer à Son Altesse le Khédive les instructions nécessaires pour la prompte remise à la Banque d'Angleterre des sommes destinées au

payement des intérêts semestriels déjà échus de l'Emprunt de 1855; et je ne doute pas que les fonds dont il s'agit ne soient bientôt remise à la dite Banque.

J'ai, &c.
(Signé) MUSURUS.

Inclosure in No. 201.

Musurus Pasha to Mr. May.

Sir, *Imperial Ottoman Embassy, London, January* 30, 1878.

HAVING communicated to the Imperial Government the contents of your letter of the 15th instant, I have received in answer a telegraphic despatch, dated yesterday, stating that His Highness the Khedive of Egypt has been ordered to pay immediately to the Bank of England 36,000*l.*, the surplus of the tribute of Egypt for the current year, and 40,304*l.* to be taken from the portion of the tribute for the year 1293 which belongs to the Imperial Treasury, according to the recent arrangement with the bondholders of the Loans of 1854 and 1871. The total sum of 76,304*l.* required for the Loan of 1855 will thus be provided.

I have, &c.
(Signed) MUSURUS.

No. 202.

Mr. Layard to the Earl of Derby.—(Received March 22.)

(No. 321. Confidential.)
(Telegraphic.) *Constantinople, March* 21, 1878.

WITH reference to your telegram of the 19th, I have pressed Prime Minister for payment of interest on Guaranteed Loan. He states that he had written three times on the subject to the Khedive without receiving answer. Khedive is sending Financial Agent here, and Prime Minister suspects that he is either unable to pay, or intends to allege that he cannot pay. He expresses a hope that the Khedive will not be pressed for the present.

No. 203.

The Earl of Derby to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, March* 22, 1878.

I HAVE the honour to acknowledge the receipt of your letter of the 20th instant, on the subject of the steps which you have taken in the matter of the sums due by the Porte on account of the Guaranteed Loan of 1855.

I am, &c.
(Signed) DERBY.

No. 204.

Mr. Vivian to the Earl of Derby.—(Received March 24.)

(No. 68. Political.)
My Lord, *Cairo, March* 14, 1878.

WITH reference to your Lordship's telegram of the 12th instant, demanding an explanation of the non-payment of the overdue instalments of the portion of the Egyptian tribute pledged to the holders of the 1854 and 1855 Turkish Loans, I have the honour to report that in answer to my inquires the Minister of Finance has given me a written undertaking to pay into the Bank of England on Monday next, the 18th instant, 10,732*l.* 10*s.* 9*d.*, being the amount of the two instalments of the tribute which became due on the 10th January last on account of the above loans. This sum is thus composed: —

2,932*l.* 10*s.* 9*d.*, on account of the 1854 Loan.
7,800*l.* on account of the 1855 Loan.

The only excuse that is pleaded for the failure to make these payments in time is the penury of the Treasury chest.

I have, &c.
(Signed) C. VIVIAN.

No. 205.

Mr. Guedalla to the Marquis of Salisbury.—(Received April 3.)

My Lord, *Hanover Square Club, Hanover Square, April* 3, 1878.

A FEW weeks ago I had the honour to transmit to your predecessor, the Right Honourable Lord Derby, a written copy of inclosed printed Memorial on the claims of the Turkish bondholders, with a request that his Lordship would give the English Plenipotentiary at the proposed Congress instructions to support them. I also sent a copy to his Excellency M. Waddington, who stated yesterday in the French Senate that if the Congress should assemble, and if France found herself in accord with the other Powers interested in the matter, this question would perhaps be one of those which would be submitted to the Congress. This declaration of the Minister induces me to ask your Lordship's kind co-operation officially in aid of the poor unfortunate Turkish bondholders, with the French, Italian, and other Governments.

I have, &c.
(Signed) H. GUEDALLA, *Chairman, English Committee, 5 per Cent. Debt of Turkey*, 1865—1873.

No. 206.

Lord Tenterden to Mr. Guedalla.

Sir, *Foreign Office, April* 6, 1878.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 3rd instant, on the subject of the claims and prospects of the Turkish bondholders.

I am, &c.
(Signed) TENTERDEN.

No. 207.

Mr. Vivian to the Marquis of Salisbury.—(Received April 12.)

(No. 108. Political.)
My Lord, *Cairo, April* 5, 1878.

IN compliance with the instructions conveyed to me in Lord Derby's despatch No. 42, Confidential, of the 12th ultimo, I placed in Cherif Pasha's hands the inclosed Memorandum (which was also signed by my French colleague, who had received similar instructions from his Government), inquiring the reason of the failure on the part of the Khedive to remit to the Bank of England in due time the portion of the Egyptian Tribute which is pledged to the Turkish Guaranteed Loan of 1855.

His Highness has promised to send me an explanation in writing of the reasons for this default, which he says arose chiefly from the penury of the Treasury, but also from the refusal of M. de Malaret, the French Controller-General of Expenditure, to admit that the Tribute ought to take precedence of all other claims upon the Government.

The Khedive holds very strongly that the whole political existence of Egypt and all the privileges of autonomy secured to her under the various Firmans of the Porte depend essentially upon the punctual payment of the Tribute, which ought therefore to take precedence of all other claims, but he is unable to convince M. de Malaret, whose opinion is that the payment of the Government employés is a far more just and pressing debt, and this opinion has unfortunately prevailed in the Financial Council.

His Highness added, however, that he hoped within a short time to be able to send about 40,000*l.* to the Bank of England on account of last year's arrears of

Tribute, as well as a further sum which he had been desired by the Porte to send direct to Constantinople.

I take this opportunity to warn your Lordship that I foresee very great difficulty in obtaining the payment of the half-yearly interest on the purchase-money of the Suez Canal shares (amounting to about 99,000*l.*), which falls due on the 1st June next.

I have, &c.
(Signed) C. VIVIAN.

Inclosure in No. 297.

Memorandum left with Chérif Pasha.

LES Soussignés ont été chargés par leurs Gouvernements de demander au Gouvernement Egyptien le motif du délai apporté dans la remise à la Banque d'Angleterre de la part du Tribut Egyptien, affectée par la Porte aux intérêts et à l'amortissement semestriels de l'Emprunt Ottoman de 1855, garanti par les Gouvernements Anglais et Français, et dont les intérêts pour le semestre échu le 1 Février ont dû, par suite de ce défaut de paiement, être versés par ces Gouvernements.

Caire, ce 2 Avril, 1878.

(Signé) BARON DES MICHELS.
C. VIVIAN.

No. 298.

Mr. Hamond, M.P., to the Marquis of Salisbury.—(Received April 17.)

My Lord, *House of Commons, April* 16, 1878.

AT the request of the Chancellor of the Exchequer I have the honour to hand you copy of Memorial addressed to Lord Beaconsfield on behalf of the General Committee of the English Bondholders of the 6 per cent. Turkish Loans, and respecting which the Chancellor has already spoken to you about.

May I ask most earnestly your very gravest attention to the same, which I sincerely trust may be favourable.

My address will be Newcastle-on-Tyne until May 2, and I hope to have the honour of a favourable reply before that time.

I remain, &c.
(Signed) CHAS. FRED. HAMOND.

Inclosure 1 in No. 298.

Messrs. Hamond and Landon to the Earl of Beaconsfield.

My Lord, *London, April* 11, 1878.

AS Chairman and Vice-Chairman of the General Committee of English Bondholders of the Turkish 6 per cent. Loans, we beg to place before you the following statement, and to request most respectfully the good offices of Her Majesty's Government for the protection of our interests:—

That the 1858 and 1862 6 per cent. Loans (the only two negotiated in England besides those of 1854 and 1871 secured by the Egyptian Tributes) were entered into soon after the Treaty of Peace of March, 1856, by which the Great Powers of Europe guaranteed the independence and territorial integrity of the Ottoman Empire.

2. That the Ottoman Empire at that period had only a small external debt—that of 1854 for 3,000,000*l.*, and the one of 1855 for 5,000,000*l.*, the latter guaranteed by the Governments of England and France—and the then Foreign Minister of England not only encouraged but officially recommended the English public to invest their capital in the Loans of 1858 and 1862, to aid and develop the improvement and progressive prosperity of that Empire, whose independence and territorial integrity England, as one of the Great Powers, had not only guaranteed, but pledged the nation's credit to a loan for her support.

3. That the Loan of 1858, originally 5,000,000*l.* but now 3,716,000*l.* in amount, had specially secured and solemnly hypothecated by the Porte for its punctual

payment of interest and sinking fund, the sum of 350,000*l.* a-year out of the Customs and octroi duties levied and collected at Constantinople.

4. That the Loan of 1862, originally 8,000,000*l.* but now 5,082,960*l.*, had for its special payment, specially secured and solemnly and irrevocably assigned, the sum of 640,000*l.* a-year out of the revenues derived or hereafter to be derived from tobacco, salt, stamps, and patents, these special securities of both loans being over and above their lien upon the general revenues of the Empire, both loans were negotiated not for the purpose of increasing the debt of Turkey, but for placing her finances in a sounder position, by consolidating her floating debt and withdrawing a corresponding amount of her external paper currency.

5. These are the two loans to which we beg your Lordship's most careful and serious attention, negotiated in England, and accepted by the English public upon the faith of the Treaty engagements of the Great Powers of Europe, recommended further by the active interference of the Foreign Minister of England at the time of omission, we feel that we have a strong and powerful claim upon your Lordship's interference to do us justice, the more especially as these securities, so solemnly assigned, are principally receipts of Customs and taxes payable at the port of Constantinople.

6. These duties and taxes have been hitherto received in good faith by the Ottoman Porte themselves, and up to October 1875 the sums required for payment were regularly transmitted by them to England; since January 1876 no payments have been made by the Ottoman Porte with respect to these loans. The Ottoman Porte, fully acknowledging the right of the bondholders to these securities, have repeatedly declared in the most solemn manner their earnest desire and readiness to hand over the said securities to a Commission of foreign bondholders to be appointed by them at Constantinople, so soon as some fair and moderate settlement can be made.

7. The other 6 per cent. Loans of Turkey, viz., the 1863, 1865, 1869, and 1873—the two latter amounting to 48,000,000*l.*—were negotiated in France, and have as security the sheep, verghis, and tapou taxes, and the tithes of different vilayets of the Ottoman Empire, which have been more or less reduced and destroyed by the ravages of the unprovoked, unjustifiable, and unnecessary war caused by Russia, in the words of Lord Derby's despatch of the 1st May, 1877, "breaking through her Treaty engagements and violating the same," one of which was to respect and guarantee the independence and territorial integrity of the Ottoman Empire.

8. That we view with the greatest alarm the proposition now made by the Treaty of San Stefano, to parcel out and despoil the Ottoman Empire in such a way as to become virtually under the entire vassalage of Russia, and this breach of Treaty obligations, bad as it is, becomes more flagrant by the total want of regard paid to the international financial engagements of the Turkish Empire, and which for the first time a civilized nation, conqueror as she may be, ignores and sets at defiance the rights and property of third parties, creditors of such State.

9. That we further view with the greatest alarm and dismay such a monstrous and immoral principle, fatal alike to international good faith and honour, and contrary to all precedent. We have only, we feel confident, to point out to your Lordship that, from the Treaty of Vienna in 1815, to which the ten European Powers were signatories, until the latest one regarding the Papal States and the cession of Lombardo-Venetia to Italy in 1866, due and solemn respect has been paid by Europe (no matter under what conditions of things) to the international rights of third parties, and the existing debt of any country acknowledged, respected, and its interests fully and honourably secured.

10. We have therefore the greatest confidence in making this earnest appeal to your Lordship and Her Majesty's Government, believing that the time has now arrived, when we see day by day Constantinople menaced, and consequently international and British interests both defied and imperilled, that Her Majesty's Government, to whom we have only now to look for protection, will no longer delay urging upon the Ottoman Porte that the British interests under the Loans of 1858 and 1862 shall be secured, by their formally making over to the bondholders of these loans those duties and taxes which years ago were solemnly assigned and hypothecated to them as their security, and which are levied and collected at Constantinople.

11. We further trust, with regard to the other 6 per cent. Loans, that your Lordship's Government will insist, at any Congress or Conference of the Great Powers to settle the unhappy state of affairs in the East, that in any severance of territory from the Ottoman Empire the rights and interests of the foreign creditors of Turkey shall be protected in such a way that such territory so severed shall take a fair

proportion of the external debt of Turkey, and that the taxes which are already hypothecated in such severed territory shall be secured as a first charge for the regular and punctual payment of its interest.

12. We are fully aware that the position of the finances of the Ottoman Empire, owing to the aggressive conduct of Russia, is such as to prevent the 6 per cent. bondholders from receiving the full amount of their interest and sinking fund. We therefore annex to this Memorial a scheme for a settlement of the same upon such a reduced and moderate scale as should secure the eager readiness of the Porte to accept as a most favourable settlement, and honourable to the Bondholders' General Committee, whose authority we have to propose it. We may summarize it as follows:—The existing Loans of 1858 and 1862 now amount to 8,799,300*l.*, with hypothecated securities for payment of the same of 990,000*l.* per annum. It is proposed to reduce this amount to 6,307,380*l.*, and the sum required for the annual service to 364,050*l.* The amount of the 6 per cent. French Loans outstanding is 57,108,100*l.*, with hypothecations amounting to 4,721,794*l.* It is proposed to reduce this amount to 34,472,390*l.*, and the sum for its service to 1,520,850*l.* per year. The securities for the payment of the same would be to hand over to a Bondholders' Commission at Constantinople the Customs dues and taxes upon tobacco, salt, patents, and stamps collected and payable at that port, and which are already assigned and hypothecated for the use of the Loans of 1858 and 1862. This arrangement, loyally entered into by the Porte, would greatly simplify matters, releasing all the other taxes of the different parts of the Empire, at present hypothecated to the 6 per cent. French Loans, and render it a much more easy task for the Great Powers of Europe and Turkey herself to settle her financial engagements with her foreign creditors at any Congress or Conference that may take place.

In conclusion, we beg your Lordship's most favourable attention to these grave and earnest matters, affecting so materially a very large proportion of Her Majesty's subjects.

(Signed) CHAS. FRED. HAMOND, *Chairman of the United Committee of English Bondholders.*
JAMES LANDON, *Deputy-Chairman of the General Committee of English Bondholders.*

Inclosure 2 in No. 208.

Proposals for Settlement of the Turkish 6 per cent. Loans by joint and combined action of the English and French Bondholders, both with their respective Governments, and at the proposed Conference.

1. NO arrears of interest to be paid.
2. Future interest and sinking fund to be paid as per annexed scheme.
3. Amount required for service of No. 2 to be received by a Joint Commission at Constantinople, and by them remitted monthly to a Committee to be nominated in London, and paid into the Bank of England, notifying the same in the public papers, such Commission at Constantinople to consist of three members, one named by English bondholders and one by the French, and one at Constantinople named jointly by the English and French bondholders.
4. The taxes, dues, and duties to be received and secured for the due service of the loans, to be those at present hypothecated to the Loans of 1858 and 1862.
5. The interest upon all the loans to be paid quarterly, say 1st February, 1st May, 1st August, and 1st November. The present sinking fund to be abandoned and commenced *de novo* at 50 per cent. reduction. The bonds already drawn to be first paid off in priority of drawing, at issue price, and twice a year as at present, say 1st February and 1st August.
6. The general debt to be arranged hereafter, the 6 per cent. bondholders agreeing to any scheme which does not exceed 50 as the price of issue, and 3 per cent. interest.
7. If, 15 years after, the finances of Turkey improve, the Porte (at its option) to increase the above rate of interest.

Inclosure 3 in No. 208.

TURKISH SIX PER CENT. LOANS.

[STATEMENT of Reduced Debt and Sums required for future Payment of Interest and Sinking Fund for all unsettled Six per Cent. Loans.

Date of Loan.	Original Amount.	Present Amount.	Present Interest.	Present Sinking Fund.	Price of Issue.	Amount at Price of Issue.	Proposed Reduction of Interest.	Amount required at Reduced Rates.	Reduced Sinking Fund.	Amount required for Reduced Sinking Fund.	Securities hypothecated:
	£	£	£	£	Per cent.	£	Per cent.	£	Per cent.	£	
1858 ..	5,000,000	3,716,500	222,990	127,010	78	2,876,400	5	143,820	1	14,386	Constantinople Customs and octroi duties.
1862 ..	8,000,000	5,093,900	305,634	334,126	68	3,430,960	5	171,548	1	24,819	Tobacco, salt, stamps, and patents.
1863 ..	8,000,000	4,956,700	293,802	293,198	71	3,451,990	4½	156,390	1	24,550	Direct taxes, balance of the above.
1866 ..	8,000,000	4,162,500	249,000	332,500	65½	2,697,300	4½	121,380	1	26,620	Sheep tax of Roumelia and Archipelago.
1869 ..	22,222,220	20,650,000	1,239,000	316,595	60¼	12,200,500	3	390,300	½	61,860	Tithes of certain provinces, surplus sheep tax.
1873 ..	27,777,780	27,348,500	1,640,910	266,535	58½	15,753,500	3½	951,400	½	78,800	Sundry tithes, Vergbis and Tapou.
Totals ..	77,000,000	65,907,100	3,953,676	1,757,824	..	40,479,770	..	1,934,948	..	250,209	

	£
Present Interest and Sinking Fund	4,721,794
Proposed future ditto	1,884,908
Saving of Interest and Sinking Fund annually on Six per Cent. Loans	2,836,886

	£
Present Six per Cent. Debt	65,907,100
Proposed future ditto	40,479,770
Reduction of Six per Cent. Debt	25,427,330

	£
Sum required for Interest and Sinking Fund annually as above ..	1,884,908
Expenses of Management—	
Bankers' commission, say ½ per cent.	98,739
Expenses of Joint Commission in London and Constantinople ..	17,500
	26,025
	1,911,893
Add expenses of selling Debt, &c., say	515,000

Say the sum of £1,912,000 to be collected and received by the Joint Commission at Constantinople out of the Customs, dues, and duties of Constantinople; together with the taxes on tobacco, salt, stamps, and patents, the same being duly and absolutely hypothecated as a first lien or charge to the English and French Bondholders, for the payment of the above reduced rates of Interest and Sinking Fund.

No. 299.

Lord Tenterden to Mr. Hamond, M.P.

Sir, *Foreign Office, April* 20, 1878.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 16th instant, forwarding copy of a Memorial addressed to Lord Beaconsfield, on behalf of the General Committee of the English Bondholders of the 6 per cent. Turkish Loans, and in reply I am to state to you that the questions referred to therein will be borne in mind.

I am, &c.
(Signed) TENTERDEN.

No. 300.

Mr. Vivian to the Marquis of Salisbury.—(*Received April* 24.)

(No. 123. Political.)
My Lord, *Cairo, April* 15, 1878.

WITH reference to my despatch No. 108, Political, of the 5th instant, respecting the non-payment of the arrears of the Egyptian Tribute, pledged as security for the Ottoman Loan of 1855, I have the honour to inclose a copy of the explanatory statement sent to me by order of the Khedive, from which it appears that the Government are in default to the amount of 68,504*l.* on account of the Tribute Loan of 1855 by reason of their great financial difficulties, which sum they will endeavour to make good as soon as possible.

In addition to the two sums of 7,800*l.* and 2,032,[illegible]*l.* odd on account respectively of the 1855 and 1854 Loans, for the instalments which fell due on the 10th January last, the payment of which was reported in my despatch No. 68 of the 14th March last, the Government have since paid 42,300*l.* on account of last year's arrears of Tribute towards the 1854 Loan, and 114,868*l.* odd for the coupon of the 6th April of the 1871 Turkish Loan.

I inclose a statement furnished to me by the Secretary of the Ministry of Finance of the various Tribute Loans, with the dates when the instalments fall due.

I have, &c.
(Signed) C. VIVIAN.

Inclosure 1 in No. 300.

Chérif Pasha to Mr. Vivian.

EN réponse à la Note Verbale portant les signatures de MM. les Agents et Consuls-Généraux de France et d'Angleterre, avec la date du 2 Avril courant, le soussigné a été chargé par le Khedive de transmettre la note ci-jointe, signée par Son Altesse le Prince Ministre des Finances Egyptiennes.

Le Ministre des Affaires Etrangères,
(Signé) CHERIF.

Caire, le 14 *Avril*, 1878.

Inclosure 2 in No. 300.

Memorandum.

LES recettes de l'année 1877 étaient prévues pour la somme de 2,034,480 bourses, mais malheureusement on a pu réaliser sur cette somme seulement 1,616,165, de manière qu'il y avait un déficit d'environ 418,000 bourses, ou environ 2,140,000*l.* sterling.

D'un autre côté, le Gouvernement a fait face intégralement au service de la Dette Publique; mais, pour pouvoir faire cela, on a dû prendre une somme très-forte sur les revenus du Gouvernement qui n'étaient pas affectés à la Caisse de la Dette Publique.

La conséquence naturelle était que la somme susdit 2,140,000*l.* manquait au Gouvernement pour faire face à ses dépenses budgétaires, de manière qu'il avait dépensé à la fin 1877 seulement environ la moitié de son Budget de dépenses, qui s'élevait, suivant le Décret du 18 Novembre 1876, à 4,259,000*l.*

Le Gouvernement étant (et est encore) toujours tellement gêné, qu'il ne pouvait pas suffire aux besoins les plus urgents.

Malgré tous ses efforts, le Gouvernement n'a pas pu payer intégralement le Tribut dû à la Sublime Porte; suivant l'ordre que celle-ci avait transmise au Gouvernement Egyptien, on aurait dû payer à la Banque d'Angleterre, pour l'Emprunt Ottoman 1855, 76,304*l.*; on a pu payer jusqu'à présent seulement 7,800*l.* de manière qu'on doit encore de ce chef 68,504*l.*

Le Gouvernement fait tout son possible pour payer cette somme dans le plus bref délai.

Le Ministre des Finances,
(Signé) HUSSEIN KAMIL.

Le Caire, le 14 *Avril*, 1878.

Inclosure 3 in No. 300.

DATES of Payment of the Instalments of the Egyptian Tribute in London for the Year 1878.

(A.)—Instalments payable to Bank of England.

LOAN OF 1854.

		£	s.	d.
January	10	2,932	10	9
August	16	11,979	0	10
"	30	14,100	0	0
September	13	14,100	0	0
"	27	14,100	0	0
October	25	14,100	0	0
November	15	14,100	0	0
"	30	14,100	0	0
	Total	99,511	11	7

LOAN OF 1855 (GUARANTEED).

		£	s.	d.
January	10	7,800	0	0
June	26	15,700	0	0
July	12	15,700	0	0
"	27	4,600	0	0
December	13	14,100	0	0
"	27	14,100	0	0
	Total	72,000	0	0

LOAN OF 1871.

		£	s.	d.
April	6	114,868	17	3
October	7	114,868	17	3
	Total	229,737	14	6

(B.)—Instalments payable to Messrs. Glyn, Mills, Currie, and Co.

LOAN OF 1877.

		£	s.	d.
January	31	116,000	0	0
March	10	24,311	9	2
June	10	10,000	0	0
July	31	95,000	0	0
September	10	20,000	0	0
"	25	15,311	9	2
	Total	289,622	18	4

Recapitulation.

		£	s.	d.
1854 Loan	.. ..	99,511	11	7
1855 „	.. ..	72,000	0	0
1871 „	.. ..	229,737	14	6
Total payable to Bank of England	.. ..	401,249	6	1
1877 Loan—Payable to Messrs. Glyn, Mills, Currie, and Co.	..	280,622	18	4
Total	.. ..	681,872	4	5

No. 301.

Mr. Guedalla to the Marquis of Salisbury.—(Received April 29.)

My Lord, *Gresham Club, St. Swithin's Lane, London, April 26, 1878.*

HEARING that there is some possibility of its being decided at the Congress of European Powers to levy tonnage dues for fifteen years in the Bosphorus on the mercantile marine of the entire world entering and leaving the Dardanelles, with the same Tariffs as the Isthmus of Suez, allow me, as Chairman of the English Committee of the General Debt of Turkey 5 per cent., to suggest to your Lordship that the proceeds should be specially devoted for paying interest to the holders of Turkish bonds in all countries.

I have, &c.
(Signed) H. GUEDALLA.

No. 302.

Lord Tenterden to Mr. Guedalla.

Sir, *Foreign Office, May 4, 1878.*

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 26th ultimo, suggesting that the proceeds of any tonnage dues levied in the Bosphorus should be specially devoted for paying interest to the holders of Turkish bonds in all countries.

I am, &c.
(Signed) TENTERDEN.

No. 303.

Mr. Layard to the Marquis of Salisbury.—(Received May .)

(No. 645.)

My Lord, *Therapia, May 19, 1878.*

AT the request of some gentlemen, including the leading merchants of Galata, who form a Committee for the protection of the holders of Turkish stock in Turkey, I have the honour to inclose, and to recommend to your Lordship's favourable consideration, a "mémoire" in support of the rights of the bondholders which they have been charged to maintain.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 303.

Mémoire du Comité des Détenteurs de la Dette Ottomane en Turquie.

Résolutions de l'Assemblée-Générale tenue à Constantinople le 21 Mars, 1878.

1. L'ASSEMBLÉE charge un Comité exécutif de prendre devant qui de droit, tant en Turquie qu'à l'étranger, la défense des intérêts des détenteurs de la Dette Ottomane.

2. Ce Comité prendra la qualification de "Comité des Détenteurs de la Dette Ottomane en Turquie," et sera composé de vingt membres environ.

3. Sont nommés membres du Comité: MM. Alfred Caporal, Georges Coronio, Déodat Czunt, Charles Couteaux, Grégoire Cuppa, Emile Deveaux, Eustache Eugenidi, Foster (M. H.), C.B., Diaz Fernandez (de la Maison J. Camondo et Cie.), Salomon Fernandez, Husseïn Effendi, Agop Koutchéoglou, Jean Lorando, Emile Mercet, Simon Maksoud, Mikael Portogal, Stefanovich (Z.), Ternau Bey, Bernard Tubini, Michel Timoni, Georges Zarifi.

4. Tous pouvoirs sont donnés au Comité pour la rédaction de tous mémoires, de toutes requêtes, et pour l'envoi d'un délégué, s'il y a lieu, et où besoin sera. Le Comité s'adjoindra un conseil légal.

5. Un exemplaire des résolutions ci-dessus sera déposé dans chacune des principales banques de Constantinople, savoir:—

Banque Impériale Ottomane.
Société Générale de l'Empire Ottoman.
Crédit Général Ottoman.
Crédit Lyonnais.
Banque de Constantinople.
Société Ottomane de Change et de Valeurs, pour recueillir les adhésions des détenteurs non présents à la réunion.

(Voir procès-verbal de la séance.—Annexes No. 5)

Mémoire pour les Détenteurs de la Dette Ottomane en Turquie.

Dès que la cessation des hostilités a rendu probable le règlement par un Congrès de la question Orientale, les créanciers de la Turquie dans les différentes parties de l'Europe ont été unanimes à penser que le moment était venu pour eux de se grouper en vue d'une action commune, pour la représentation et la défense de leurs droits.

Ce qui s'est fait en France, en Angleterre, en Hollande, en Italie devait se faire à plus fort raison à Constantinople. Pour les détenteurs de Turquie, il ne s'agit pas seulement, comme pour ceux de l'étranger, de sauver une portion de leur avoir, mais pour la plupart d'entre eux, leur avoir tout entier. Les créances sur les États étrangers ne servent en général qu'à un placement partiel des fortunes particulières; la plus grande partie, sinon la totalité, se place en fonds nationaux; c'est ainsi que pour tous ceux qui habitent la Turquie, qu'ils soient indigènes ou étrangers, les placements en fonds Turcs et en créances sur le Gouvernement Ottoman constituent, avec la propriété immobilière, le seul mode normal de placement.

La fortune des mineurs, même de nationalité étrangère, domiciliés en Turquie, celle des établissements publics nationaux ou étrangers de Constantinople ou des provinces (hôpitaux, écoles, mosquées, églises, orphelinats, &c.), est placée en fonds de la dette Ottomane. Sans multiplier les exemples, c'est en fonds de la dette Turque que le *kassam*, autorité chargée de la défense des intérêts des mineurs, place la fortune de ses pupilles; citons aussi le cas de l'hôpital Russe de Pancaldi (Constantinople) dont le capital de fondation était placé en titres de la dette publique Turque.*

Donc si les créanciers de la Turquie, quels que soient leur nationalité ou leur domicile, doivent être traités sur le pied d'une égalité parfaite, il faut reconnaître que la situation de ceux qui ont dans le pays même leur établissement, leurs placements, leur domicile, est particulièrement intéressante; leur voix ne pourra donc être méconnue par ceux qui auront pour mission d'assurer le repos et la stabilité en Orient, et qui comprendront combien ce repos et cette stabilité seraient précaires si la ruine générale devenait une chose définitive. Au surplus, la sympathie dont ces grands intérêts sont dignes ne leur fera certainement pas défaut; on en trouvait déjà l'expression, lors des Conférences de Constantinople, avant le commencement de la guerre, dans la bouche du Général Ignatieff lui-même; à leur tour, les Ministres des Affaires Etrangères d'Angleterre et de France ont déclaré qu'ils ne négligeraient pas les intérêts de la défense desquels nous nous occupons. (Annexes, No. 1.)

Mais le Congrès ne devra pas se borner à exprimer des désirs ou des vœux, il aura qualité et compétence pour donner par l'adoption de mesures pratiques satisfaction aux intérêts en jeu; il aura surtout qualité pour empêcher que ces intérêts ne soient

* Ce n'est pas à raison du revenu payé par le Gouvernement Ottoman, mais à raison de sa sécurité présumée que ce mode de placement était adopté; car l'intérêt légal en Turquie étant de 12 pour cent, on pouvait trouver un emploi plus avantageux que les fonds publics Turcs.

indirectement atteints ou lésés par les résolutions qui pourront être adoptées sur les questions d'un caractère plus directement politique. Il est impossible que ceux qui délibéreront sur des questions de réorganisation administrative ou de réformes intérieures intéressant exclusivement certaines populations de l'Empire, ne s'occupent pas de questions intéressant leurs propres nationaux.

C'est donc à des arbitres ayant à la fois compétence et autorité que les créanciers de la Turquie confient la défense de leurs droits.

Ces droits doivent être sauvegardés tant vis-à-vis du Gouvernement Ottoman lui-même que de ceux qui pourront être appelés à lui succéder dans la possession d'une partie de son territoire actuel; au Gouvernement Ottoman pourront et devront être prescrits les moyens voulus pour le mettre à même de tenir ses engagements; aux autres devra être imposée l'observation de ce principe d'équité générale en vertu duquel toute succession comprend la succession aux charges en même temps qu'aux avantages.

Au premier de ces points de vue, il ne convient pas d'entrer ici dans le détail des réformes capables d'assurer au Gouvernement Impérial Ottoman des ressources disponibles pouvant être affectées à la plus sacrée des obligations qui pèsent sur un Gouvernement, à savoir l'observation de ses engagements vis-à-vis de ses prêteurs; il est seulement permis d'affirmer que ces moyens existent et sont d'une exécution facile; mais il est nécessaire, au second point de vue, d'appuyer le droit des détenteurs de la Dette Ottomane sur des principes et des précédents ne laissant aucune place au doute, et d'indiquer autant que possible dans quelle proportion et dans quelle mesure ce droit doit trouver satisfaction.

Ce n'est pas tant s'en faut la première fois que la question se pose; il y a eu, depuis qu'il y a des dettes publiques, bien des modifications, bien des cessions ou des échanges de territoires; or il suffit d'examiner les Traités ou Conventions que ces faits ont nécessités pour vérifier que la prise à charge par les territoires détachés d'une quote-part de la dette de l'Etat dont ils faisaient précédemment partie constitue une règle constamment suivie et qui n'a souffert que de rares exceptions. (Annexes, No. 2.)

Dira-t-on que c'est là un arrangement qui ne regarde que les parties directement contractantes, l'Etat qui se forme et celui dont il est détaché? Cela pourrait être, si ce dernier, comme la France après la cession d'Alsace, devait rester dans une situation telle, qu'après comme avant, l'exécution de ses engagements financiers ne présentât aucun doute et n'inspirât même aucune préoccupation à ses créanciers.

Mais en est-il ainsi en ce qui concerne la Turquie? Elle a dû, depuis le commencement des difficultés et des insurrections qui ont précédé la guerre, suspendre provisoirement le paiement des intérêts de sa dette; il ne peut être douteux que la ruine au moins partielle de ses créanciers serait consommé à titre définitif si les territoires détachés étaient libres de la portion de la dette publique qui pesait sur eux.

La question ici n'intéresse donc pas seulement la Turquie, et ceux qui posséderont une partie de son ancien territoire; elle intéresse tous les détenteurs de créances dont le sort dépend de la solution que cette question recevra; de là le droit pour tous les participants au Congrès d'imposer une solution conforme aux droits de leurs nationaux.

Nous devons mentionner que deux des Grandes Puissances dont la place est marquée au Congrès ont à intervenir, non pas seulement dans l'intérêt de leurs nombreux nationaux créanciers à divers titres de la Turquie, mais encore, en ce qui concerne un des emprunts contractés par le Gouvernement Ottoman, dans l'intérêt direct et immédiat de leurs propres trésors. Nous voulons parler de l'Emprunt de 1855, garanti par l'Angleterre et par la France. Ces deux Puissances avaient pu obtenir jusqu'ici que cet emprunt fût laissé en dehors de la suspension générale des paiements de la dette; mais à l'échéance d'Avril 1878 elles ont dû faire face elles-mêmes au service du coupon. Les Représentants de l'Angleterre et de la France auront donc à défendre les droits directs de leurs Gouvernements respectifs et à veiller spécialement à ce que les recours qui leur appartiennent ne soient pas compromis par la diminution des ressources qui leur servent de sûretés. Mais si ces deux Gouvernements sont plus directement intéressés dans un des emprunts contractés par la Turquie, et si les porteurs même de cet emprunt sont, par les deux cautions qui le garantissent, dans une situation exceptionnelle, tous les emprunts n'en doivent pas moins, quant aux obligations du Gouvernement Ottoman lui-même, être placés sur la même ligne; ce n'est donc pas seulement pour l'Emprunt de 1855 que l'Angleterre et la France ont à protéger les droits des créanciers, mais bien pour tous les emprunts

indistinctement, et dès lors, ce ne sont pas seulement ces deux Puissances qui sont intéressées dans la question, mais bien toutes celles ayant à protéger des nationaux créanciers, à tel ou tel titre, du Gouvernement Ottoman.

Est-ce là d'ailleurs une question qu'on ne puisse envisager qu'à un point de vue étroit et égoïste? Toutes les Puissances ne sont-elles pas intéressées, au point de vue de leur propre crédit, en vertu de ces lois de solidarité économique qui se manifestent de plus en plus comme des lois impérieuses et naturelles, à refuser leur sanction à toutes Conventions internationales qui ne tiendraient pas avant tout scrupuleusement compte des droits de ceux qui ont cru pouvoir en toute sécurité devenir prêteurs d'un Etat faisant partie du concert Européen?

Ne serait-ce pas consacrer le règne de l'injustice, si à travers les modifications que la politique ou la guerre peuvent faire subir aux Etats, les droits particuliers des propriétaires comme des créanciers de ces Etats n'étaient pas sauvegardés? La guerre et la conquête dans les temps modernes n'entraînent plus avec elles la confiscation de la propriété territoriale particulière, elles ne doivent pas davantage avoir pour conséquence la confiscation de la propriété mobilière qui tend de plus en plus à occuper le premier rang dans la richesse publique.

L'application de ces principes de droit et d'équité s'impose impérieusement quand il s'agit de la Turquie à laquelle ses créanciers ont fait foi, non-seulement en tant qu'Etat indépendant et souverain, mais aussi et surtout comme à un Etat dont l'intégrité avait été solennellement et expressément garantie par toutes les grandes Puissances de l'Europe.

Il y a là une situation spéciale qui oblige ces Puissances, quelles qu'elles soient, à ne pas souffrir, si des nécessités politiques les amènent à accepter qu'il soit porté atteinte à cette intégrité, qu'il en résulte aucune diminution des gages appartenant aux créanciers de l'Empire. Ce n'est qu'à cette condition que la Turquie elle-même peut consentir à des cessions de territoires, qui ne peuvent passer entre de nouvelles mains qu'en restant grevés pour leur part de la dette qui pèse sur eux comme sur le territoire entier de l'Empire. En dehors des précédents dont nous avons déjà parlé et qui ont consacré en droit des gens ce principe de respect des droits particuliers, il faut se rappeler que le Gouvernement Ottoman a pris à cet égard des engagements formels. Aucun des emprunts qu'il a contractés n'a été émis par voie d'émission directe; ils ont été tous l'objet de Conventions particulières avec des capitalistes, individus ou établissements, indigènes ou étrangers, qui, s'ils ont émis ensuite l'emprunt, ont subrogé le public dans tous les droits que leur conféraient les conditions de leurs prêts. Or, dans tous ces contrats le Gouvernement a expressément assigné au paiement de sa dette (outre sa garantie directe et générale) des affectations spéciales sur tel ou tel revenu de telle ou telle Province de l'Empire; et dans la pensée des contractants, les garanties données ont un caractère si sérieux, qu'il est stipulé qu'elles pourront (être mentionnées sur les titres) dans la forme déterminée par le contractant. (Annexes, No. 3.)

C'est ce qui a eu lieu; sur les titres de la dette générale ou Consolidés, qui n'ont pas de garantie spéciale, est mentionné que l'intérêt est garanti par les revenus généraux de l'Empire; sur les titres des autres emprunts sont expressément mentionnées les garanties spéciales qui y sont affectées avec indication si ces garanties, ayant déjà été affectées pour partie à des emprunts antérieurs, l'excédant seul se trouve garantir le nouvel emprunt, ou si, au contraire, les gages donnés à ce dernier sont libres de toutes affectations antérieures. Pour plusieurs sont même mentionées les mesures à prendre pour que les revenus affectés reçoivent directement leur emploi; ainsi les titres de l'Emprunt 1860 indiquent l'obligation pour le Gouvernement Ottoman de faire verser les produits des revenus affectés entre les mains des représentants des banquiers prêteurs; de même pour le Tribut de l'Egypte versé directement à la Banque d'Angleterre.

Les garanties et affectations spéciales stipulées dans les contrats, mentionnées expressément sur leurs titres de créance, constituent les créanciers de la Turquie dans une situation tout à fait spéciale; c'est aussi en considération de ces affectations que des capitalistes, pour permettre le service de ces mêmes emprunts, ont à diverses reprises consenti des avances au Trésor, avances qui constituent ainsi une simple opération d'escompte sur des revenus assurés, mais dont la rentrée ne coïncidait pas exactement avec les besoins du budget des dépenses. Est-ce qu'eux aussi pourraient voir porter atteinte à leur préjudice à des garanties en vue desquelles ils ont contracté? Cela est inadmissible; le Gouvernement Ottoman a en réalité abdiqué au profit de ses créanciers sa faculté de libre disposition et répartition de ses revenus; cette affectation directe de tel revenu à telle charge doit créer au profit de ceux à qui elle est consentie

une situation privilégiée qui n'appartient pas aux créanciers de l'Etat dans d'autres pays.

Cependant les précédents nous montrent qu'en l'absence même de toute affectation spéciale, par la seule force du principe qui fait garantir d'une façon générale les droits du créancier par la fortune tout entière du débiteur, les portions détachées d'un Etat ont été presque constamment, par les Traités qui ont réglé la séparation, déclarées grevées d'une partie de la dette commune; il est donc à fortiori absolument impossible que les créanciers de la Turquie se voient enlever des revenus qui leur ont été spécialement et expressément affectés; impossible qu'une portion du territoire Ottoman dont les revenus avaient une destination spéciale en soit détachée sans que des mesures soient prises pour assurer aux créanciers le maintien de la garantie que cette affectation leur donnait.

Les préliminaires de paix signés à San Stéfano sont absolument muets sur ce point (Annexes, No. 3); cependant, en vertu de l'Article XIX, des territoires sont cédés à la Russie; passent-ils et peuvent-ils passer entre ses mains libérés de leur part dans la dette commune, libérés, même des affectations qu'avait reçues telle ou telle partie spéciale de leurs revenus? Dira-t-on que ces cessions ne sont en réalité que le mode de paiement d'une créance créée par le Traité lui-même, celle de l'indemnité de guerre stipulée? Admettons-le; mais cette créance peut-elle primer les créances antérieures? peut-elle anéantir à son profit des droits préexistants?*

Il nous semble que ce sont là de grandes questions d'intérêt général auxquelles le Congrès devra donner une solution équitable; quand la stipulation d'une indemnité de guerre se trouve à la fois avoir pour conséquence le démembrement de l'Etat vaincu et la lésion des droits appartenant à des tiers, la quotité de cette indemnité, son mode de paiement ne restent plus de simples points à débattre entre les deux Etats belligérants et dont puissent se désintéresser les Etats appelés à sanctionner le nouvel état de choses créé par la guerre. Il en sera de même de la question des garanties que le Gouvernement Impérial de Russie s'est réservé de demander (Article IX, section C) pour le surplus de l'indemnité non réglé par les cessions de territoires; là aussi le Congrès aura à veiller à ce que ces garanties respectent celles concédées à des créanciers antérieurs.

Mais c'est principalement vis-à-vis des territoires non entièrement détachés de l'Empire, mais constitués en Principautés tributaires, que les droits des créanciers de la Turquie devront être respectés avec soin. Les revenus de ces provinces, à raison même de leur richesse, avaient spécialement reçu des affectations (v. Annexes, No. 4 les Emprunts de 1865, 1869, 1872, et 1873). Ces revenus peuvent-ils disparaître pour la Turquie et ses créanciers sans que ceux-ci interviennent pour sauvegarder leurs droits et veiller à ce que les obligations qui pèseront sur l'Etat tributaire soient bien la représentation exacte de celles qui lui incombaient comme simple province de l'Empire? Au surplus, l'Article IX du Traité de San Stéfano stipule lui-même que le tribut annuel que la Bulgarie devra payer à la Cour Suzeraine sera déterminé par un accord entre la Russie, le Gouvernement Ottoman et les autres Cabinets. Mais ce règlement est différé à la fin de la première année du fonctionnement de la nouvelle organisation. Pourquoi? quel est en outre le revenu moyen sur lequel ce tribut devra être établi? Rien de précis à cet égard. Sur combien d'années la moyenne s'établira-t-elle? Car les événements ont fait subir de bien grandes variations aux revenus des provinces qui constitueraient la nouvelle Principauté. En outre, ces revenus peuvent-ils être considérés séparément et en dehors de ceux qui aux mêmes époques étaient donnés par les autres provinces de l'Empire? N'est-ce pas au contraire là le seul moyen de faire une répartition équitable des charges communes? N'est ce pas sur cette base, sur la proportion de sa richesse dans l'ensemble dont elle faisait partie, que le tribut de la nouvelle Principauté devrait être établi, pour que, pour prix de son indépendance presqu'absolue, elle payât sa part dans les charges communes? Enfin entre les mains de qui ce tribut sera-t-il payé? Aux termes de l'Article IX sus-visé, il devrait être versé à une banque à désigner ultérieurement par la Sublime Porte. Mais sur ce point aussi les créanciers de l'Empire doivent être entendus; car ce tribut, remplaçant les revenus qui garantissaient leurs droits, doit avant tout recevoir la même affectation et ne peut garantir par préférence une créance nouvelle.

La question des chemins de fer dont la création a été une des lourdes charges qui

* C'est ce que le Prince Gortschakow lui-même semble considérer comme inadmissible lorsque, dans sa Circulaire du $\frac{25 \text{ Mars}}{6 \text{ Avril}}$, il déclare que c'est à dessein que "les stipulations de San Stefano relatives à l'indemnité ont été maintenues dans le vague," parce que, ajoute-t-il, "si l'on avait stipulé un mode précis de paiement, il eût fallu empiéter sur un domaine déjà hypothéqué."

pèsent aujourd'hui sur l'Empire et dont la nouvelle Principauté profiterait dans une mesure si étendue ne pourra pas davantage se régler sans que la voix de ceux grâce à l'argent desquels les lignes ont été construites, soit entendue. Ce n'est pas seulement avec l'administration des Compagnies intéressées que ce règlement peut s'établir; car il ne s'agit pas ici de l'exploitation des chemins et des revenus qu'elle devait éventuellement donner au Trésor. L'utilité d'une ligne ferrée, sa valeur vraie pour les pays qu'elle traverse, et auxquels, en nue-propriété au moins, elle appartient, ne peut pas s'apprécier seulement d'après le revenu qu'elle peut donner. Dans l'intérêt de son développement industriel et commercial, un Etat crée des chemins qui seront pour son Trésor une charge, mais pour ses habitants une cause d'accroissement de prospérité; le nouvel Etat, qui profitera de la création antérieure qu'il aurait dû entreprendre avec ses propres ressources, doit se substituer purement et simplement aux charges comme aux avantages de celui auquel il succède. La charge annuelle contractée par le Gouvernement Ottoman pour la création des chemins de fer de la Turquie d'Europe a été constituée sous la forme d'une rente kilométrique dévolue aux souscripteurs de l'Emprunt; ici la base suivant laquelle devra être répartie la part incombant à la province tributaire est donc tout indiquée. (Voir aux Annexes, No. 4, l'emprunt du Chemin de Fer de Roumélie.)

Pour nous résumer, nous concluons qu'avant toutes choses, le nouvel Etat devra assumer vis-à-vis des créanciers de l'Empire une obligation directe pour la part mise à sa charge dans la dette commune. Ce n'est qu'après qu'il aura été astreint à cette obligation première, qu'il pourra débattre la quotité du tribut qu'il devra payer comme signe de sa vassalité et pour le rachat de sa sujétion directe.

La solution de toutes ces questions sera facile, en fait, sur la base des données statistiques officielles, en droit, si le point de départ commun est la volonté bien arrêtée de respecter les droits acquis; c'est à ce prix seulement qu'un état de choses durable peut se constituer. Qu'aurait-on fait en créant de nouveaux Etats auxquels on n'aurait pas tout d'abord appris le respect des engagements contractés? N'aurait-on pas perdu tout droit de réclamer de l'Etat suzerain des garanties sérieuses et durables pour l'exécution des obligations qui resteront à sa charge immédiate et directe? Au contraire, si une répartition équitable est faite, cette exécution sera facile, grâce aux réformes sérieuses qu'on aura alors le droit d'exiger impérieusement.

En demandant que le Congrès veuille bien s'occuper d'eux, ce n'est pas de leurs intérêts seulement que les créanciers de la Turquie se font les défenseurs; ils croient défendre en même temps la cause de la justice.

Quant à ceux qui établis dans ce pays en connaissent d'une façon plus exacte les besoins et les ressources, ils peuvent déclarer en pleine confiance qu'avec le respect scrupuleux du droit et le souci de tous les intérêts légitimes, tout pourra être encore réparé.

Constantinople, le 15 *Avril,* 1878.

(Signé) ALFRED CAPORAL.
GEORGES CORONIO.
DEODAT CZUNT.
CHARLES COUTEAUX.
EDOUARD CUPPA.
EMILE DEVEAUX.
EUSTACHE EUGENIDI.
FOSTER, M. H., C.B.
DIAZ FERNANDEZ (de la Maison J. Camondo et Compagnie.)
SALOMON FERNANDEZ.
HUSSEIN EFFENDI.
AGOP KEUTCHEOGLOU.
JEAN LORANDO.
EMILE MERCET
SIMON MAKSOUD.
MIKAEL PORTOGAL.
STEFANOVICH, Z.
TERNAU BEY.
MICHEL TIMONI.
BERNARD TUBINI.
GEORGES ZARIFI.

Le Conseil du Comité:
(Signé) GEORGES LE CHEVALIER, *Avocat, Docteur en Droit.*

ANNEXES.

(No. 1.)

Conférences de Constantinople.—Séance du 23 Janvier, 1877.

Extrait du Discours de Clôture du Général Ignatieff.

UN intérêt universel d'un autre genre me semble réclamer également la prompte sollicitude de la Sublime Porte. La confiance du monde financier de l'Europe lui avait été acquise et des milliards d'épargne ont été placés dans les emprunts Ottomans. Les récentes ordonnances du Gouvernement témoignent de son intention de reconnaître la totalité de ses obligations à l'égard de ses créanciers. Mais la situation de ces derniers n'en est nullement améliorée. Il serait urgent et avantageux pour la Porte d'aviser sans retard aux moyens de satisfaire les porteurs de fonds Turcs. Les Représentants ont eu en vue leurs intérêts lorsqu'ils proposaient de faire verser à la Banque une partie des revenus des provinces dont ils étaient appelés à régler l'organisation. Le Gouvernement du Sultan ayant repoussé leur projet, il serait équitable de sa part d'adopter sans retard un système qui garantisse dans une mesure analogue les intérêts des détenteurs d'emprunts Ottomans.

(No. 2.)

Liste et Extraits des Traités qui ont consacré un droit de suite pour les Dettes Publiques en cas de Cession ou Echange de Territoires.

Traité de Campo-Formio, 17 *Octobre*, 1797, *entre Sa Majesté l'Empereur-Roi de Hongrie et de Bohême, et la République Française.*

ARTICLE IV.

Toutes les dettes hypothéquées avant la guerre sur le sol des pays énoncés dans les Articles précédents et dont les contrats sont revêtus des formalités d'usage, seront à la charge de la République Française. Les Plénipotentiaires de Sa Majesté l'Empereur, Roi de Hongrie et de Bohême, en remettront l'état le plus tôt possible aux Plénipotentiaires de la République Française.

ARTICLE X.

Les pays cédés, acquis, ou échangés par le présent Traité porteront à ceux auxquels ils demeureront les dettes hypothéquées sur leur sol.

Traité de Lunéville, 9 *Février*, 1801, *entre les mêmes Parties Contractantes que celui de Campo-Formio.*

ARTICLE VIII.

Dans tous les pays cédés, acquis, ou échangés par le présent Traité il est convenu, ainsi qu'il avait été fait par les Articles IV et X du Traité de Campo-Formio, que ceux auxquels ils appartiendront se chargeront des dettes hypothéquées sur le sol des dits pays; mais, attendu les difficultés qui sont survenues à cet égard sur l'interprétation des dits Articles du Traité de Campo-Formio, il est expressément entendu que la République Française ne prend à sa charge que les dettes résultant d'emprunts formellement consentis par les Etats des pays cédés, ou des dépenses faites pour l'administration effective des dits pays.

Traité de Paris, 30 *Mai*, 1814.

ARTICLE XXI.

Les dettes spécialement hypothéquées dans leur origine sur les pays qui cessent d'appartenir à la France, ou contractées par leur administration intérieure, resteront à la charge de ces mêmes pays. Il sera tenu compte, en conséquence, au Gouvernement Français, à partir du 22 Décembre, 1813, de celles de ces dettes qui ont été converties en inscriptions au grand-livre de la dette publique de France. Les titres de toutes celles qui ont été préparés pour l'inscription et n'ont pas été inscrites, seront remis aux Gouvernements des pays respectifs. Les états de toutes ces dettes seront dressés et arrêtés par une Commission Mixte.

Traité de Paris, 20 *Novembre*, 1815.

ARTICLE VIII.

Toutes les dispositions du Traité de Paris du 30 Mars, 1814, relatives aux pays cédés par ce Traité, s'appliqueront également aux différents territoires et districts cédés par le présent Traité.

Traité de 1839.

Séparation de la Belgique et de la Hollande.

Suivant l'Article XIII, la dette publique des Pays-Bas fut répartie, et une partie fut reportée du livre de la dette d'Amsterdam ou de la Trésorerie des Pays-Bas sur le livre de la dette de la Belgique.

Traité de Novembre 1840.

Séparation du Texas du Mexique.

Le Texas prend à sa charge une part proportionnelle de la dette publique contractée primitivement par le Gouvernement Mexicain.

Traités de Zurich, 10 *Novembre*, 1859.

1.—*Entre la France et l'Autriche.*

ARTICLE VII.

Le nouveau Gouvernement de la Lombardie prendra à sa charge les trois cinquièmes de la dette du Monte-Lombardo-Veneto. Il supportera également une portion de l'Emprunt National de 1854 fixée entre les Hautes Parties Contractantes à 40,000,000 de florins (monnaie de convention).

Le mode de paiement de ces 40,000,000 de florins sera déterminé dans l'Article additionnel.

ARTICLE ADDITIONNEL.

Le Gouvernement de Sa Majesté l'Empereur des Français s'engage envers le Gouvernement de Sa Majesté Impériale et Royale Apostolique à effectuer pour le compte du nouveau Gouvernement de la Lombardie, qui lui en garantira le remboursement, le paiement de 40,000,000 de florins (monnaie de convention) stipulés par l'Article VII du présent Traité dans le mode et aux échéances ci-après déterminés:—

Huit millions de florins seront payés en argent comptant, moyennant un mandat payable à Paris, sans intérêts, à l'expiration du troisième mois, à dater du jour de la signature du présent Traité, et qui sera remis aux Plénipotentiaires de Sa Majesté Impériale et Royale Apostolique, lors de l'échange des ratifications.

Le paiement des 32,000,000 de florins restant aura lieu à Vienne, en argent comptant, et en dix versements successifs à effectuer, de deux en deux mois, en lettres de change sur Paris, à raison de 3,200,000 florins (monnaie de convention) chacune. Le premier de ces dix versements aura lieu deux mois après le paiement de 8,000,000 de florins ci-dessus stipulés. Pour ce terme comme pour tous les termes suivants, les intérêts seront comptés à 5 pour cent à partir du premier jour du mois qui suivra l'échange des ratifications du présent Traité.

2.—*Entre la France et la Sardaigne.*

ARTICLE III.

Par l'Article additionnel au Traité conclu en date de ce jour entre Sa Majesté l'Empereur des Français et Sa Majesté l'Empereur d'Autriche, le Gouvernement Français s'étant engagé vis-à-vis du Gouvernement Autrichien, à effectuer pour le compte du nouveau Gouvernement de la Lombardie, le paiement de 40,000,000 de florins (monnaie de convention) stipulé par l'Article VII du Traité précité, Sa Majesté le Roi de Sardaigne, en conséquence des obligations qu'il a acceptées par l'Article précédent, s'engage à rembourser cette somme à la France de la manière suivante:

Traité du 24 Mars, 1860, *entre la France et la Sardaigne pour la Cession de Nice et de la Savoie*

ARTICLE IV.

Une ou plusieurs Commissions Mixtes seront chargées d'examiner et de résoudre, dans un bref délai, les diverses questions incidentes auxquelles donnera lieu la réunion, telles que la fixation de la part contributive de la Savoie et de l'arrondissement de Nice ("circondario di Nizza") dans la dette

publique de la Sardaigne, et l'exécution des obligations résultant des contrats passés avec le Gouvernement Sarde, lequel se réserve toutefois de terminer lui-même les travaux entrepris pour le percement du Tunnel des Alpes (Mont Cenis).*

Traité de Mars 1864.

Cession des Iles Ioniennes à la Grèce.

Le Traité stipule la reprise par la Grèce des dettes existant à la charge des Iles Ioniennes.

Traité de 1864.

Séparation du Schleswig-Holstein du Danemark.

Le Traité stipule la division de la dette publique Danoise et la prise à leur charge d'une partie, sous la garantie de l'Autriche et de la Prusse, par les Duchés.

Traité de Prague de 1866.

Cession de Venise.

Prise à charge par l'Italie de la part de dette pesant sur les territoires qui lui sont cédés.

(No. 3.)

Articles du Traité de San Stéfano cités dans le Mémoire.

ARTICLE IX.

Le montant du tribut annuel que la Bulgarie paiera à la Cour Suzeraine en le versant à la Banque que la Sublime Porte désignera ultérieurement, sera déterminé par un accord entre la Russie, le Gouvernement Ottoman et les autres Cabinets à la fin de la première année du fonctionnement de la nouvelle organisation. Ce tribut sera établi sur le revenu moyen de tout le territoire qui fera partie de la Principauté.

La Bulgarie sera substituée au Gouvernement Impérial Ottoman dans ses charges et obligations envers la Compagnie du Chemin de Fer de Roustchouk-Varna, après entente entre la Sublime Porte, le Gouvernement de la Principauté, et l'administration de cette Compagnie. Le règlement relatif aux autres voies ferrées qui traversent la Principauté est également réservé à un accord entre la Sublime Porte, le Gouvernement institué en Bulgarie et l'administration des Compagnies intéressées.

ARTICLE XIX.

Les indemnités de guerre et les pertes imposées à la Russie que Sa Majesté l'Empereur de Russie réclame et que la Sublime Porte s'est engagée à lui rembourser se composent de:—

(*a.*) 900,000,000 de roubles de frais de guerre: entretien de l'armée, remplacement du matériel, commandes de guerre;

(*b.*) 400,000,000 de roubles de dommages infligés au littoral méridional du pays, au commerce d'importation, à l'industrie, et aux chemins de fer;

(*c.*) 100,000,000 de roubles de dommages causés au Caucase par l'invasion;

(*d.*) 10,000,000 de roubles de dommages et intérêts aux sujets et institutions Russes en Turquie;

Total: 1,410,000,000 de roubles.

Prenant en considération les embarras financiers de la Turquie, et d'accord avec le désir de Sa Majesté le Sultan, l'Empereur de Russie consent à remplacer le paiement de la plus grande partie des sommes énumérées dans le paragraphe précédent par les cessions territoriales suivantes:—

(*a.*) .....

(*b.*) .....

(*c.*) Les territoires mentionnés dans les paragraphes *a* et *b* sont cédés à la Russie comme équivalent de la somme de 1,100,000,000 de roubles. Quant au reste de l'indemnité, sauf les 10,000,000 de roubles dus aux intérêts et institutions Russes en Turquie, soit 300,000,000 de roubles, le mode de paiement de cette somme et la garantie à y affecter seront réglés par une entente entre le Gouvernement Impérial de Russie et celui de Sa Majesté le Sultan.

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* Le Gouvernement du Roi d'Italie prit de même à sa charge, lors de l'annexion des Romagnes, des Marches, de l'Ombrie, &c., une partie de la Dette Pontificale. C'est un principe dont l'application est d'ailleurs si rationnelle que dans leur manifeste de 1876, les insurgés Bosniaques prenaient des engagements formels à cet égard.

(No. 4.)

te des Principaux Emprunts contractés par le Gouvernement Ottoman avec indication des Garanties qui y sont affectées.

Emprunt de 1854.

Contractant—Dent, Palmer et Cie.

Affectation—Tribut d'Egypte versé directement aux Contractants.

Emprunt de 1855.

Contractant—N. M. Rothschild et Fils.

Affectation—Reliquat du Tribut d'Egypte, Douanes de Smyrne et de Syrie; garantie de la France et de l'Angleterre.

Emprunt de 1858.

Contractant—Dent, Palmer et Cie.

Affectation—Douanes de Constantinople.

Emprunt de 1860.

Contractant—J. Mirès et Cie.

Affectation—Contributions Indirectes et Dîmes de divers Sandjaks.

Emprunt de 1862.

Contractants—Banque Ottomane et C. Devaux et Cie.

Affectation—Impôt sur le Sel, Tabac et Patentes.

(Extrait du Contrat.)

ARTICLE VIII.

Par la volonté suprême de Sa Majesté Impériale les trente-quatre annuités de ..... seront garanties en première hypothèque par tous les revenus libres de l'Empire, actuellement établis ou qui pourraient être ultérieurement établis, et spécialement par les revenus des impôts sur le sel, le tabac, et les patentes.

Sa Majesté Impériale voulant assurer toute sécurité aux porteurs, ordonne qu'il soit créé une Commission de six membres, composée du Ministre des Finances, Président, de deux désignés par Sa Majesté Impériale et deux par les contractants.

Emprunt de 1863.

Contractants—Banque Impériale Ottomane et autres.

Affectation—Contributions et Dîmes de divers Vilayets.

(Extrait du Contrat.)

ARTICLE IV.

Le Gouvernement Ottoman affecte à la garantie du remboursement du présent emprunt et du service exact des intérêts tous les revenus quelconques de l'Empire et spécialement les revenus dont le détail suit:—

1. Douanes (suit l'énumération, avec indication des chiffres, des divers vilayets, dont les revenus sont donnés en garantie: Smyrne, Beyrouth, Salonique, Durazzo, Janina, Valona, Larisse, Bosnie et Herzégovine, Scutlim, Mételin, Candie, Tripoli (Afrique), Erzeroum, Chypre, Philippopoli (huile de rose).

Dîmes de soie: Brousse et Andrinople.

Dîmes des huiles: Mételin, Smyrne.

Dîmes de sel et tabac: Samsoun et dépendances.

Dîmes des tabacs: Roumélie et Anatolie, Salonique.

ARTICLE V.

(Après indication d'un précédent emprunt qui avait particulièrement les mêmes garanties il est ajouté que) : le Gouvernement Ottoman déclare que les sept huitièmes des revenus indiqués à la section 1 de l'Article IV restent libres et sont spécialement affectés à la garantie du présent emprunt.

Emprunt de 1865.

Contractant—Banque Impériale Ottomane.

Affectations.—Taxe sur les moutons de Roumélie et de l'Archipel, Mines de Tokat, &c.

Ainsi mentionnées sur les titres :—

Au service de l'intérêt et de l'amortissement de cet emprunt qui exige une annuité de 12,657,503 fr., le Gouvernement a affecté expressément des garanties complétement libres de toute affectation antérieure, savoir :—

1. Les taxes annuelles établies sur les moutons de Roumélie et de l'Archipel, dont le produit est versé directement par les fermiers adjudicataires dans les mains des contractants, 14,000,000 piastres.

Dette Générale (Consolidés), 1865.

Contractants—E. Erlanger et Général Crédit.

Affectation.—Les revenus généraux de l'Empire. Sur les titres est reproduite *in extenso* la Loi du $\frac{17}{29}$ Mars, 1865, pour l'institution du grand-livre de la dette publique Ottomane dont extrait suivant :—

(Autographe de Sa Majesté Impériale.)

ARTICLE I.

Il est créé un grand-livre de la dette publique qui prend la dénomination de Dette Générale de l'Empire Ottoman.

La Dette Générale porte un intérêt annuel de 5 pour cent garanti par les revenus généraux de l'Empire.

L'administration du grand-livre est confiée à un fonctionnaire de l'Etat, qui a le titre de Gouverneur de la Dette Générale de l'Empire Ottoman (" Eshami-Oumoumyié Emini ").

ARTICLE II.

Toute inscription d'une dette au grand-livre doit être ordonnée par une loi spéciale qui sera publiée dans les journaux de la capitale.

ARTICLE IV.

Le payement des intérêts des obligations à raison de 5 pour cent l'an, ainsi qu'il est dit à l'Article 1, s'effectue par semestres, le $\frac{1}{13}$ Janvier et le $\frac{1}{25}$ Juillet de chaque année, tant à Constantinople et dans les principales villes de l'Empire qui seront désignées par le Gouvernement, qu'à Londres, à Paris, à Amsterdam, et à Francfort par la Banque Impériale Ottomane.

Les coupons d'intérêts seront payés exclusivement en médjidiés d'or dans l'Empire Ottoman, en livres sterling à Londres, en francs à Paris, à Amsterdam, et à Francfort.

A cet effet, les fonds destinés au service des intérêts seront versés par le Ministre des Finances à la Banque Impériale Ottomane, qui payera ou transmettra ces fonds sur les ordres du Gouverneur de la Dette Générale. Ces versements seront effectués en temps utile, de façon à assurer le paiement des obligations aux échéances semestrielles ci-dessus déterminées.

ARTICLE XVI.

Aucune inscription sur le grand-livre de la Dette Générale ne sera décrétée, s'il n'est préalablement pourvu au service des intérêts et de l'amortissement de cette nouvelle inscription, au moyen de ressources équivalentes dans les revenus généraux de l'Empire, et résultant soit de l'augmentation des recettes, soit d'économies réalisées sur les dépenses.

Emprunt de 1869.

Contractant—Comptoir d'Escompte de Paris.

(Extrait du Contrat en date du 15 Novembre, 1869.)

Entre Munir Effendi, Chargé d'Affaires à Paris, et M. Pinard.

ARTICLE VIII.

Pour assurer le remboursement du présent emprunt et le service des intérêts, le Gouvernement y attache, en outre de sa garantie directe et générale, à titre d'affectation spéciale, les revenus ci-après, qu'il déclare être libres de tout engagement antérieur :—

	Fr.
1. Les dîmes des Provinces d'Alep, de Syrie, de Jaulna, de l'Archipel, jusqu'à concurrence de	30,000,000
2. Les dîmes de la Province de Brousse évaluées à	8,000,000
3. L'excédant de la taxe sur les moutons	13,500,000
4. Les dîmes de la Province de Bosnie à l'exception de Novi-Bazar, montant à	5,000,000
5. Les dîmes de la Province d'Aïdin et Menteché, s'élevant à	3,500,000
Total	60,000,000

ARTICLE IX.

Les revenus donnés en garantie, aux termes de l'Article précédent, seront versés après leur perception par les agents du Gouvernement Ottoman, entre les mains du contractant ou de son délégué, jusqu'à concurrence de la somme représentant exactement l'annuité nécessaire au service de l'emprunt pour intérêts et amortissement.

ARTICLE X.

Les prix, jouissances, époques, quotités des paiements, lieux d'émission, et toutes autres clauses de la souscription qui sera ouverte, seront exclusivement réglés par le contractant.

Les garanties accordées par le Gouvernement pourront être mentionnées sur les titres de l'emprunt, dans la forme déterminée par le contractant.

Les titres définitifs seront signés par un Commissaire Impérial ou son délégué, ainsi que par un délégué du contractant.

(Sur les titres de cet emprunt sont indiqués comme garanties les revenus ci-dessus ainsi que l'obligation pour le Gouvernement Ottoman de "faire verser en temps utile le produit de ces revenus entre les mains des représentants des concessionnaires").

Emprunt du Chemin de Fer de Roumélie 1870.

Contractant—Société Impériale des Chemins de Fer de la Turquie d'Europe.

Affectations—Route Kilométrique.

(Extrait de l'Acte de Concession en date du 17 Avril, 1869.)

ARTICLE IX.

En échange des obligations contractés par les concessionnaires, le Gouvernement Ottoman s'oblige à payer, chaque année et en deux termes égaux, une rente de 14,000 fr. par kilomètre; cette obligation durera pendant toute la durée de la concession; elle commencera à recevoir exécution aussitôt que l'exploitation commencera elle-même, et se développera avec elle, toute section exploitée donnant droit à la rente annuelle de 14,000 fr. par kilomètre, à compter du jour où elle sera mise en exploitation.

ARTICLE XIV.

Les concessionnaires sont autorisés à constituer dans un délai de deux mois à dater du Firman de concession, une société anonyme à laquelle seront transférés tous les droits actifs et passifs résultant du présent acte.

ARTICLE XV.

La Société anonyme aura le droit de créer, aussitôt après sa constitution, et de la forme qui lui paraîtra la plus utile à ses intérêts, tout ou partie du capital représentant la rente kilométrique annuelle de 14,000 fr. fixée par l'Article IX.

Article 8 *des Statuts de la Société Impériale des Chemins de Fer de la Turquie d'Europe* (11 *Octobre*, 1869.)

(Reproduit *in extenso* sur les titres.)

La rente de 14,000 fr. par an et par kilomètre, payable par le Gouvernement Impérial Ottoman, en exécution des Articles IX et XV de l'Acte de concession, sera réalisée par les soins de la société, sous forme d'obligations avec ou sans primes, et le service des intérêts et de l'amortissement de ces obligations sera exclusivement et directement à la charge du Gouvernement Impérial Ottoman.

Les titres expressément libellés dans ce sens seront signés par un délégué de la Sublime Porte et munis du timbre du Gouvernement Impérial.

Le paiement des intérêts et de l'amortissement de ces titres sera effectué, directement et sans retenue d'aucune sorte, entre les mains des porteurs par le Gouvernement Ottoman, seul et unique responsable de ce paiement.

Emprunt de 1871.

Contractant—Dent, Palmer et Cie. et Crédit Général.

Affectation—Une portion du Tribut d'Egypte.

(Ainsi mentionnée sur les titres.)

Qu'il soit en conséquence notoire: que conformément à la dite Convention et au Firman de Ratification, le Gouvernement Impérial Ottoman, pour assurer le remboursement du capital et le service des intérêts du dit emprunt, assigne, outre sa garantie directe et générale à titre d'affectation spéciale, une somme annuelle de 399,000*l.* sterling, qui sera prise sur le tribut actuel d'Egypte, tel qu'il est fixé depuis l'augmentation faite en 1866, et qu'il s'engage à faire verser par Son Altesse le Khédive d'Egypte à la Banque d'Angleterre. Le dit Gouvernement Impérial déclare en outre que la dite affectation spéciale est libre de tout engagement antérieur, étant la partie restée disponible du tribut actuel d'Egypte, prélèvement fait de la somme de 282,872*l.* sterling, affectée sur l'ancien tribut d'Egypte aux Emprunts de 1854 et 1855.

Bons du Trésor (1872.)

Contractant—Crédit Général Ottoman.

Affectation—Revenus de divers Vilayets.

(Mentionnés ainsi sur les titres.)

Afin d'assurer le remboursement des bons et le paiement des intérêts de cet emprunt, le Gouvernement Impérial Ottoman, outre sa garantie directe, assigne spécialement les revenus suivants jusqu'à concurrence de 3,350,000 livres Turques:—

	Liv. T.
1. Les dîmes annuelles du Vilayet du Danube	1,200,000
2. .. .. .. d'Andrinople	750,000
3. .. .. .. de Salonique	550,000
4. La taxe sur les moutons d'Anatolie	750,000
Total	3,350,000

dont l'affectation deviendra libre de tout engagement le 31 Octobre, 1875, après le remboursement entier des Bons du Trésor émis en 1868, et dont il reste nétuellement en circulation 2,080,000 livres Turques.*

Emprunt de 1873.

Contractants—La Société du Crédit Mobilier de Paris, le Crédit Général Ottoman, et la Banque de Constantinople.

Affectation—Revenus de diverses Provinces

(Ainsi mentionnée sur les titres.)

Garantie.

L'Article 7 du Contrat est ainsi conçu:—

Pour assurer le remboursement du présent emprunt et le service des intérêts, le Gouvernement Impérial Ottoman assigne, outre sa garantie directe et générale, à titre d'affectation spéciale et jusqu'à due concurrence, les revenus ci-après, savoir:—

	Liv. T.
1. Dîmes du Vilayet du Danube	1,200,000
2. Taxe sur les moutons d'Anatolie	750,000
3. Excédant du produit de la régie des tabacs de Constantinople	300,000
4. Dîmes du Vilayet d'Angora	150,000
Total	2,400,000

Il est expliqué toutefois que les dîmes et les taxes ci-dessus, Nos. 1 et 2, étant affectées au service des Bons du Trésor créés en 1872, elles ne seront applicables au présent emprunt qu'au fur et à mesure de l'extinction des dits bons, aux époques et dans les conditions prescrites pour ces titres. En attendant, comme garantie provisoire du présent emprunt, et jusqu'à la libération des affectations qui précèdent, le Gouvernement Impérial assigne les revenus suivants, qu'il déclare être libres de tout engagement antérieur, savoir:

* Le remboursement des bons de 1868 est aujourd'hui intégralement opéré.

	Liv. T.
1. Dîmes des Vilayets d'Erzeroum, de Tripoli (Barbarie), de Crète et de Scutari (d'Albanie)	600,000
2. Produit des Tapou (droit de transmission des propriétés domaniales)	500,000
3. Quart des produits des serghis des Vilayets de l'Epire	850,000
Total	1,950,000

Aux termes de l'Article VIII, le produit des revenus donnés en garantie sera versé, jusqu'à concurrence de la somme représentant exactement l'annuité nécessaire au service de l'emprunt, pour intérêt et amortissement, trente jours avant chaque échéance, entre les mains des contractants ou de leurs délégués à Constantinople.

Dette Générale (Consolidés), 1874.

Contractant—La Banque Impériale Ottomane.

Même garantie générale que pour les Consolidés Emission 1865. *Pas d'affectation spéciale.*

A ajouter pour avoir le total des emprunts contractés par le Gouvernement Ottoman, les divers contrats d'avance passés par le Gouvernement pour les besoins de sa trésorerie avec des banquiers de Constantinople ou de l'étranger, et dont il reste encore une partie importante à rembourser.

(No. 5.)

Assemblée Générale des Détenteurs de la Dette Ottomane, tenue dans le local du "Club Commercial" à Galata, le Jeudi, 2/14 Mars, 1878.

Procès-Verbal.

La séance est ouverte à 2 heures après-midi au milieu d'une assistance considérable.

M. Z. Stéfanovich est prié d'accepter la Présidence, et MM. Czunt et Terman Bey prennent place au bureau en qualité d'assesseurs.

M. Caporal remplit les fonctions de Secrétaire.

L'Assemblée étant ainsi régulièrement constituée, M. E. Devéaux, Directeur de la Banque Impériale Ottomane, prend la parole pour expliquer l'objet de la réunion; il l'expose en ces termes:—

"Les Préliminaires de Paix récemment signés à San-Stéfano, et dont les ratifications viennent d'être échangées à St. Pétersbourg, sont certainement de nature à préoccuper les créanciers de la Turquie. A vrai dire, les conditions du Traité n'étant pas encore officiellement publiées, et ces conditions pouvant être d'ailleurs l'objet de modifications ultérieures, il serait, quant à présent, impossible de se former à leur égard une opinion absolue. Toutefois, les bruits qui ont couru sur les principales stipulations de ce Traité visant des remaniements territoriaux et administratifs, donnent lieu de craindre que ces grands changements ne s'opèrent au préjudice des droits antérieurs des détenteurs de la Dette Ottomane.

"Ces craintes peuvent n'être pas fondées, mais leur existence suffit à justifier des mesures de prudence. On en a jugé ainsi en Europe:—Depuis l'ouverture des négociations, tous les pays intéressés dans la Dette Ottomane, l'Angleterre, la France, l'Italie, la Hollande, &c., ont profité des Comités déjà existants ou en ont formé de nouveaux avec mission de défendre, devant qui de droit, les intérêts communs. Ce sont là des Comités de surveillance, de défense et de revendication.

"En luttant pour eux, les créanciers de la Dette Ottomane en Europe, combattent aussi sans nul doute pour ceux de la Turquie, vu la solidarité de leurs intérêts; mais ces derniers doivent-ils, pour cela, s'isoler de ce grand mouvement? une pareille abstention serait-elle compréhensible de leur part, et n'aurait-elle pas les allures d'une indifférence apparente dont on pourrait chercher à tirer parti contre eux?

"Poser la question, c'est évidemment la résoudre. Les détenteurs de la Dette Ottomane en Turquie, à l'instar de ceux d'Europe, doit donc s'unir et s'affirmer, et lutter, eux aussi, pour la défense des intérêts communs.

"Pénétrés de cette nécessité, MM. D. Czunt et Vincent Caro ont pris l'initiative de la formation à Constantinople d'un Comité de défense, et ces honorables messieurs n'ont pas eu de peine à rallier à leur idée de nombreux adhérents choisis parmi les principaux détenteurs de la place. Mais pour donner au Comité qu'ils avaient en vue toute l'autorité qui lui est nécessaire, il fallait que ce Comité fût l'émanation légale d'une grande assemblée de créanciers de la Dette Ottomane. MM. Caro et Czunt ont pensé qu'il était désirable que cette assemblée fût convoquée par les soins des établissements financiers de Galata, et ils ont en conséquence réclamé leur concours."

(M. Devéaux donne lecture de la lettre adressée à cet effet à la Banque Impériale Ottomane.)

"MM. les Directeurs,

"Nous soussignés, détenteurs de fonds Ottomans, considérant que le Traité de Paix que le Gouvernement de la Sublime Porte a conclu ou est à la veille de conclure, avec l'Empire de la Russie, sera probablement l'occasion de remaniements territoriaux, administratifs et financiers pouvant affecter les garanties données aux créanciers de la Turquie par les contrats et actes constitutifs de la Dette publique de cet Empire, croyons qu'il est urgent pour les dits créanciers de demander aux Puissances

contractantes ainsi qu'à celles appelées à intervenir dans le Traité de Paix en question, ou à le sanctionner, la sauvegarde de leurs droits et la protection due à leurs légitimes intérêts.

"A cet effet, il nous paraîtrait indispensable de former une union de tous les créanciers résidant à Constantinople et nous nous sommes réunis pour constituer les premiers éléments de cette association. Cependant, pour que celle-ci puisse atteindre tout le développement dont elle est susceptible et exercer son action la plus énergique, il importerait que sa cause fût prise en main par quelques uns des plus puissants établissements financiers de notre place intéressés, et ayant plus que tout autre une voix autorisée pour défendre les intérêts des créanciers de la Turquie.

"C'est pourquoi nous venons, messieurs, vous soumettre notre projet et vous prier de vouloir bien en assurer le succès en présidant à la convocation d'une assemblée générale de tous les créanciers de Constantinople, dans le but de leur faire nommer des délégués chargés de faire valoir leurs droits auprès du Gouvernement Ottoman, auprès des Puissances étrangères et auprès de la Conférence, si elle a lieu.

"Ces délégués auraient également pour mandat de s'entendre avec les Comités déjà constitués, ou pouvant se constituer en Europe, sur une action commune à exercer auprès de qui de droit, et enfin de recourir à tous les moyens qui pourront être jugés efficaces pour faire prendre en considération les droits et les intérêts de leurs mandants.

"Nous avons, &c.
"(Suivent les signatures.)

"*Constantinople, le 5 Mars*, 1878."

"Cette lettre," ajoute l'orateur, "précise nettement l'objet de la réunion. Les établissements qui ont servi d'intermédiaires à MM. Czant et Caro, après avoir arrêté les détails de la convocation, ont cru utile, afin de donner aux discussions de l'assemblée une base certaine, d'élaborer un projet de résolutions qui seront lues et soumises aux délibérations de l'assemblée."

Le discours de M. Deveaux est chaleureusement applaudi, et la discussion s'ouvre immédiatement sur le mode de constitution du "Comité Exécutif."

M. Onnig Bey Missirli demande la parole et propose qu'un appel soit fait à la Sublime Porte, comme directement intéressée à prendre la défense des détenteurs de la Dette en Turquie. Cette motion est appuyée par M. Brunswick, qui ajoute qu'il conviendrait de connaître les intentions du Gouvernement Turc sur la façon dont il entend régler le sort de sa Dette.

M. Mercet, directeur du Crédit Lyonnais, s'élève contre cette opinion, et dit qu'il ne s'agit point de connaître les intentions du Gouvernement, pas plus que de se constituer en Comité pour l'élaboration de mesures financières quelconques; que si c'était là l'objet de la réunion actuelle, sa présence au milieu de cette assemblée n'aurait pas sa raison d'être. D'après l'opinion de l'honorable orateur, les détenteurs de la Dette Ottomane, appréhendant d'être lésés ou, tout au moins, se sentant menacés par des éventualités qui se rattachent au mode dont la question politique pourra être réglé, ont à cœur de prendre des précautions afin de se garantir, dans la mesure du possible, contre toutes chances contraires. La sollicitude des détenteurs de la Dette se justifie par l'incertitude du moment et la gravité des intérêts en jeu. Les membres de cette assemblée, en se réunissant, n'ont obéi qu'à un sentiment de prudence et de sage prévision.

Les observations de M. Mercet, accueillies par de nombreux applaudissements, l'assemblée adopte à l'unanimité la première résolution.

Les autres résolutions sont de même successivement adoptées. (Voir au commencement du présent mémoire le texte de ces résolutions.)

No. 304.

Lord Lyons to the Marquis of Salisbury.—(*Received May* 26.)

(No. 139.)

My Lord, *Paris, May* 25, 1878.

I HAVE the honour to transmit to your Lordship a letter which is published in the "Journal des Débats" of this morning, and which appears to have been written by M. Waddington, in answer to a communication from the Chamber of Commerce of Marseilles, in support of the claims of the holders of Ottoman bonds.

In this letter M. Waddington says that if a Congress should assemble, the French Government would be glad to obtain the concurrence of other Powers in bringing these claims before it.

M. Waddington refers in the letter to the answer he made to a question put to him on the subject in the Senate on the 2nd of last month.

On that occasion the Baron Lafond de Saint Mur, after stating that the French public held Ottoman bonds to the value of, at least, two milliards of francs (80,000,000*l.* sterling), expressed apprehensions lest the securities assigned by Turkey to these debts might be diminished, or might disappear altogether in consequence of the war, and asked what measures the Government had taken to defend the large French interests at stake.

M. Waddington's answer was to the following effect:—

"Si, ce qui j'ignore absolument maintenant, si, par la suite, un Congrès se réunissait pour traiter les questions qui ont été soulevées par la dernière guerre, il ne serait pas

impossible—je ne prends aucun engagement à cet égard—il ne serait pas impossible, dis-je, si nous nous trouvions d'accord avec d'autres Puissances aussi intéressées que nous, et il y en a plusieurs, que la question soulevée par l'honorable M. Lafond de Saint Mur fût au nombre de celles qui pourraient être soumises au Congrès."

I have, &c.
(Signed) LYONS.

Inclosure in No. 304.

Extract from the "Journal des Débats."

LA Chambre de Commerce de Marseille, qui a appuyé auprès du Ministre des Affaires Etrangères la réclamation d'un grand nombre de porteurs de valeurs Turques dont les intérêts étaient compromis, vient de recevoir de M. Waddington la réponse suivante:—

Paris, le 13 *Mai*, 1878.

"Messieurs,

"Vous m'avez transmis, en me la recommandant, une pétition signée de 980 porteurs de valeurs Turques, qui sollicitent l'appui du Gouvernement à l'effet de sauvegarder leurs intérêts compromis par suite de la suspension de paiements du Gouvernement Ottoman.

"Je comprends tout l'intérêt qui s'attache à la requête des pétitionnaires qui appartiennent pour la plupart à la classe laborieuse; mais en présence des événements dont l'Orient est actuellement le théâtre, il me serait impossible de donner une réponse tant soit peu précise. L'attention du Gouvernement a déjà été appelée sur la situation des porteurs de la dette Turque, et je ne puis que répéter ici ce que j'ai déjà eu l'occasion de déclarer à la tribune du Sénat, le 2 Avril dernier, en réponse à la question qui m'avait été adressée par un des Membres de l'Assemblée: c'est qu'au cas de la réunion d'un Congrès nous serions heureux de pouvoir nous trouver d'accord avec d'autres Puissances pour que la question fût soumise à ses délibérations.

"Recevez, &c.
(Signé) "WADDINGTON."

No. 305.

Mr. Bonverie to the Marquis of Salisbury.—(*Received May* 31.)

Council of Foreign Bondholders, 17, *Moorgate Street, London, E.C., May* 29, 1878.

My Lord,

I VENTURE to request your Lordship's interposition to assist the bondholders of the Turkish Tribute Loans in obtaining the full completion of the terms of the arrangement between themselves and the Porte, which, in co-operation with Mr. Palmer, I negotiated and concluded for them in September last. Mr. Palmer is now on the Continent.

The former of these two loans, that of 1854, is believed to possess peculiar advantages, and stands high comparatively in the stock markets, from the fact that at the time of its original issue, it received the sanction of Her Majesty's Government of that date, and that it is secured by a first mortgage on the tribute due to the Porte by Egypt, while the same tribute is charged, by way of second mortgage, with the payment of the interest of the Loan of 1855, guaranteed by France and England.

The material stipulation of the agreement dated the 17th September, 1877, respecting this loan, as to which I am desirous of invoking the aid of Her Majesty's Government, is in Article X, which runs thus:—

"The Imperial Ottoman Government will, by an Imperial Firman, irrevocably direct the Khedive of Egypt to remit and pay to the Bank of England, by the instalments and at the dates aforesaid, the yearly sum of 99,511*l.* 11*s.* 7*d.*, part of the said tribute, for such a number of years as will be sufficient to extinguish the said 1854 Loan, so that the said sums so remitted and paid, may be paid over by the Bank of England to, or placed to the credit of Messrs. Dent, Palmer, and Co., or other the agents or trustees for the time being for the holders of the said coupons and bonds respectively of the said loan, and entitled, in accordance with Article V, to the benefit of this agree-

ment, fifteen days at the least before each 10th day of October and 10th day of April henceforth. The said sums as part of the said tribute appropriated to the purposes aforesaid to be henceforth free from all control and interference by the Imperial Ottoman Government; and the Khedive of Egypt, on his part, shall acknowledge such directions and irrevocably bind himself and his successors so to remit and pay as aforesaid the said sum of 99,511*l.* 11*s.* 7*d.*"

The Imperial Government have duly issued their firman in conformity with this Article, and have, as I am assured, given the stipulated direction mentioned in it to the Khedive; but to the present moment, though various efforts have been made to secure his acknowledgment of that direction in the terms of the Article, His Highness has made no such acknowledgment, and consequently the bondholders are without that security which his acknowledgment would have given them, and which they were promised.

The agreement respecting the Tribute Loan of 1871 contains, *mutatis mutandis*, the same Article, and the bondholders of that loan are equally without the acknowledgment of the Khedive.

I venture to request your Lordship to urge strongly on the Porte the necessity, in discharge of their engagement, of urging the Khedive to give the requisite acknowledgments of the Porte's directions as to both the loans, and if your Lordship could also use your good offices with the Khedive himself for the same purpose, it would doubtless materially strengthen the directions of the Porte and contribute to a speedy conclusion of this business.

I have, &c.
(Signed) E. P. BOUVERIE.

No. 306.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, June 4, 1878.*

I AM directed by the Marquis of Salisbury to transmit to you a copy of a letter from the Council of Foreign Bondholders relative to the Ottoman Loan of 1854, and suggesting that the Porte should be requested to obtain from the Khedive an acknowledgment of his having received directions from the Porte to discharge his liabilities in respect to this and the Loan of 1871.

I am to request that, in laying this paper before the Lords Commissioners of Her Majesty's Treasury, you will move their Lordships to favour Lord Salisbury with their early opinion upon the matter to which it relates.

I am, &c.
(Signed) TENTERDEN.

No. 307.

Mr. Hamond, M.P., to the Marquis of Salisbury.—(Received June 6.)

My Lord, *House of Commons, June 6, 1878.*

I HAD the honour to receive your letter of the 20th April acknowledging receipt of the Memorial on behalf of the General Committee of the 6 per Cent. Turkish bondholders, and that your Lordship will bear the subject referred to in mind.

I have now the pleasure and gratification of informing you that I have received officially, under date of the 1st June, the approval and full acceptance of the French Committee of Turkish 6 per Cent. bondholders to the scheme for the settlement of the same, which I had the honour to forward to you with the Memorial on the 16th April. They further inform me that Count de Karatry has been appointed their Delegate to co-operate with the English Committee in pressing the case upon our respective Governments, with a view for a speedy settlement of the 6 per Cent. Loans upon the bases and principle laid down in the said scheme.

I beg also to inform your Lordship that the acceptance of the scheme by the French Committee is notified to M. Waddington, Minister of Foreign Affairs of the French Republic.

Under these most favourable circumstances of perfect accord between the French

and English bondholders, I trust it is not asking too much for your Lordship's best and serious attention, when opportunity arises, to aid the settlement of this long-pending question.

I have, &c.
(Signed) CHAS. FRED. HAMOND,
Chairman of the General Committee of Turkish Bondholders.

No. 308.

Mr. Lush to the Marquis of Salisbury.—(Received June 8.)

My Lord, *7, Athinson Terrace, Kilburn Park, N.W., June 6, 1878.*

I AM a holder of Turkish bonds, and through their default am entirely ruined, having invested the savings of a long life of toil, and on account of old age and illness I have had to give up work, and to live on what I can get from a few relatives, and I think this is a very hard case, as the money I invested in Turks was done because I had faith in England's guarantee of the integrity of the Turkish Empire, and also the Turk's own guarantees of their Customs dues, &c.; but I would respectfully ask you, as representing this country, to make every endeavour to get some recompense to the many thousands of poor bondholders of this country, as they are entitled to much more consideration than the Russians, and if those aggressive people are allowed to demand a money indemnity, it will be impossible for the English creditors to get their just claims satisfied, as the Turks cannot pay both, and surely we have a more righteous demand than those spoliators the Russians. I have a hope that if peace results, and the Russian demand for money is prohibited, we suffering bondholders may eventually get some little satisfaction. Trusting you will pardon the liberty I am taking, and that you will give this matter some consideration, I have, &c.

(Signed) S. LUSH.

No. 309.

Lord Tenterden to Mr. Lush.

Sir, *Foreign Office, June 12, 1878.*

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 6th instant, requesting consideration for the claims of British holders of Turkish bonds.

I am, &c.
(Signed) TENTERDEN.

No. 310.

Lord Tenterden to Mr. Hamond, M.P.

Sir, *Foreign Office, June 12, 1878.*

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 6th instant, relative to the scheme for a settlement of the Turkish 6 per Cent. Loan, which you state has obtained the acceptance of the French Committee of Bondholders of that loan; and I am to inform you in reply that the matter will receive the most careful consideration of Her Majesty's Government.

I am, &c.
(Signed) TENTERDEN.

No. 311.

Mr. Vivian to the Marquis of Salisbury.—(Received July 19.)

(No. 236. Political.)

My Lord, *Alexandria, July 12, 1878.*

I HAVE the honour to inclose, for your Lordship's information, a copy of a despatch from Her Majesty's Acting Legal Vice-Consul in Cairo, reporting that under an order from the Porte the Khedive has signed an agreement in favour of Messrs. Palmer and Bouverie to pay direct to the Bank of England, on account of the Egyptian tribute, a yearly sum of 329,249*l.* 6*s.* 1*d.* until the Loans of 1854 and 1871 are extinguished.

A schedule of the dates on which the various payments fall due is annexed.

I have, &c.

(Signed) C. VIVIAN.

Inclosure in No. 311.

Vice-Consul Borg to Mr. Vivian.

Sir, *Cairo, July 8, 1878.*

I HAVE the honour to report to you that on the 30th March last His Highness the Khedive, under an order from the Sublime Ottoman Porte, dated 13 Rabi Awal 1295 (March 17, 1878), gave an undertaking in favour of Messrs. Palmer and Bouverie, acting for the Turkish bondholders, to pay to the Bank of England, from the tribute due to the Porte, a yearly sum of 329,249*l.* 6*s.* 1*d.* until the Loans of 1854 and 1871 are repaid.

The Khedive's signature to the undertaking, brought to me for legalization by Mr. Mayer, of the Imperial Ottoman Bank, was legalized to-day by the Minister for Foreign Affairs, and the latter's by me.

The above-named amount is payable in ten rates, on the dates and in the sums hereunder —

		£	s.	d.
January	10	2,532	10	9
April	6	114,868	17	3
August	16	11,979	0	10
"	31	14,100	0	0
September	13	14,100	0	0
"	27	14,100	0	0
October	7	114,868	17	3
"	25	14,100	0	0
November	15	14,100	0	0
"	30	14,100	0	0
	Total	329,249	6	1

I have, &c.

(Signed) RAPH. BORG.

No. 312.

Mr. Bouverie to the Marquis of Salisbury—(Received June 24.)

Council of Foreign Bondholders, 17, Moorgate Street,

My Lord, *London, E.C., June 18, 1878.*

I HAVE the honour to transmit to you the inclosed protest on the part of the English Commissioners representing the bondholders of the Turkish Loans of 1858 and 1862, against any alteration of the securities pledged to them by the Turkish Government, for which I have to request your Lordship's perusal and consideration.

I have, &c.

(Signed) E. P. BOUVERIE.

Inclosure in No. 312.

Protest.

THE Undersigned are Commissioners duly nominated in the manner hereinafter described to represent the bondholders of the Turkish Loans contracted in 1858 and 1862 respectively, and desire to bring the special position of these loans under the notice of Her Majesty's Secretary of State.

The Loan of 1858 was issued in London by Messrs. Dent, Palmer, and Co. for 5,000,000*l.* at 6 per cent., with a 2 per cent. sinking fund. It was charged by an Imperial Firman, dated the 17th and 26th November, 1858, on the revenues of the Ottoman Government, and as a special guarantee "the duties of the Customs levied and collected at Constantinople, together with such of its octroi duties as accrue directly to the Exchequer," were declared by the same Firman "to have been assigned and appropriated as a fund for the payment of the principal of the said Loan with its interest."

Of this loan there is of—

	£
Principal unpaid, an amount of	3,454,800
Of Interest unpaid, an amount of	497,441
And of Drawings unpaid, an amount of	229,950
Total	4,182,191

The Loan of 1862 was also issued in London. Its amount was 8,000,000*l.*, with a 2 per cent. sinking fund. An Imperial Firman, dated 8th April, 1862, declared "that the whole revenues of the Government, and particularly, as a special guarantee, the revenue now derived from the articles of tobacco, salt, stamps, and patents, have been assigned and appropriated. And a bond has, with my Imperial sanction, been made and delivered by my said Grand Vizier, dated the 7th day of April, 1862, hypothecating the said revenues as a fund for the said loan with interest thereon."

The bond signed by the Grand Vizier above referred to contained the following obligation:—

"The Undersigned doth, in pursuance of the powers and authorities vested in him for that purpose, hereby irrevocably bind and oblige the Government of His Imperial Majesty, and all and singular the general resources of the Ottoman Empire and Government, to the payment of the said loan, principal and interest, as hereinafter stipulated, and in particular doth specially and irrevocably charge therewith, as an additional guarantee, all and singular the revenues now derived, or hereinafter to be derived, by the Imperial Government from the articles of tobacco, salt, stamps, and patents."

	£
The amount of this Loan now due is	3,999,990
" " unpaid Interest is	824,942
" " Drawings unpaid is	999,750
Total	5,824,682

In 1872 the bondholders of the Loans of 1858 and 1862 successfully opposed the giving of a quotation of a new loan on the Stock Exchange till faith had been kept with them as to the mode in which the interest of their two loans was remitted to London, in accordance with the engagements made by the Turkish Government at the time of their issue. The result was that the Turkish Government undertook, through two letters of their Chargé d'Affaires here, to provide in a specified way for the service of the two loans respectively; and in these letters provision was made that the bondholders of each should appoint Commissioners (two in the case of the 1858 Loan, and three in the case of the 1862 Loan) to see to the proper execution of the undertaking. These two sets of Commissioners subsequently combined together, and the Undersigned form the Joint Commission.

The Undersigned desire to represent to Her Majesty's Secretary of State, and through him to the Congress now assembled at Berlin, that they claim the full benefit of the prior charge conferred on those they represent, by the Firmans already quoted, on the funds and sources of revenue specifically hypothecated to the bondholders of the Loans of 1858 and 1862 respectively, and they firmly and strongly protest against any alienation of such revenues, or any part of them, or the charge thereon, which may lessen or defeat their security, and against any scheme or proposal for the arrangement of the Turkish debt, or for the payment of the Turkish creditors, which shall treat the bondholders of the respective Loans of 1858 and 1862 as mere general creditors of the Imperial Ottoman

Government, and the revenues specially devoted and alienated to them as security for their advances as liable to be brought into general contribution as part of the Turkish public revenues pledged, or to be pledged, to the general engagements, past or future, of the Turkish Government, irrespectively of the hypothecation or mortgage to themselves.

They claim respectfully but firmly to be in the position of creditors specially secured, and they insist that they cannot be deprived of the securities which, according to all legal form, have been respectively assigned to them, without a flagrant violation of good faith against which, if it is proposed, they invoke as British subjects the aid of Her Majesty's Representatives in the Congress to protect them.

(Signed) E. P. BOUVERIE.
THOS. RUMBALL.
ROGER EYKYN.
H. ALFRED WITHERS.
F. HENNOCK.

17, *Moorgate Street, London, E.C.*,
June 18, 1878.

No. 313.

Mr. Hamond, M.P., to the Marquis of Salisbury.—(Received July 24.)

My Lord, *House of Commons, July* 19, 1878.

HAVING had the inclosed returned to me to-day, with the signature of the French Delegate, I have now the pleasure to forward the same to you, and at the same time to express to your Lordship my due appreciation of the great attention given to our representations when at Berlin.

I shall feel much obliged by your Lordship kindly fixing a day and the hour next week when I may wait upon you in reference to the Turkish debt, and to ask your Lordship's good offices at Constantinople to the proposals which, at the request of Carathéodory Pasha, the united committees of English and French bondholders have submitted to the Porte.

I have, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman of the General Committee of English Turkish Bondholders.*

Inclosure in No. 313.

Messrs. Hamond, Landon, &c., to the Marquis of Salisbury.

Anglo-French Committees of Turkish Bondholders,
My Lord, *Paris*, 10, *Place Vendôme*; *London*, 6, *Adelphi Terrace, July* 16, 1878.

NOW that the Congress has terminated its labours and you have returned home, will you permit us to offer our best and earnest thanks for the kind good-will and courtesy shown us while placing before you the relative claims of the foreign creditors of Turkey as Representatives of one of the Great Powers signatory to the Treaties of March and April 1856, and to express to your Lordship our deep sense of your appreciation of our position, and that your Lordship will still further extend your powerful assistance in demanding from the Turkish Government a settlement of our long-deferred claims, and the honourable fulfilment on their part of handing over to a Commission of bondholders at Constantinople the different hypothecated securities so long withheld from us by the Ottoman Government.

Repeating our thanks for your kindly courtesy and attention, we have, &c.,
(Signed) CHAS. FRED. HAMOND,
JAMES LANDON,
C^te^ E. DE KERATRY,
Delegates of the Anglo-French Committees of Turkish Bondholders.

No. 314.

Lord Tenterden to Mr. Hamond, M.P.

Foreign Office, July 27, 1878.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 19th instant, forwarding a communication from the Anglo-French Committee of Turkish Bondholders on the subject of the claims of the foreign creditors of Turkey, and in reply I am to state to you that his Lordship is glad to learn that the proceedings of the Congress have been satisfactory to the Committee.

I am, &c.
(Signed) TENTERDEN.

No. 315.

Sir H. Selwin-Ibbetson to Lord Tenterden.—(Received August 2.)

My Lord, *Treasury Chambers, August* 1, 1878.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward to you a copy of a letter which they have received from the Bank of England, reporting that funds have only partly been provided by the Turkish Government to meet the interest and commission due this day on account of the Turkish Guaranteed Loan of 1855. In reply, my Lords have stated their readiness to issue out of the Consolidated Fund the amount required to fulfil the guarantee given jointly by Her Majesty and the French Government, adding a request that the Bank will advance the money until such time as a reply shall have been received from the Turkish Government to a letter which will be addressed to them reminding them of their obligation.

I am to request you to move the Secretary of State to make known these circumstances to the French Government, in order that a remonstrance may be addressed to the Turkish Government, and their attention drawn to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and especially of the annual amount of the tribute of Egypt which remains over and above the part thereof appropriated to the first loan (of 1854), and, moreover, on the Customs of Smyrna and Syria.

My Lords are somewhat surprised that steps have not been taken by the Porte to satisfy fully the obligation which the Turkish Government has undertaken towards the Guaranteeing Powers.

I have, &c.
(Signed) HENRY SELWIN-IBBETSON.

Inclosure in No. 315.

Mr. May to Mr. Lingen.

Bank of England, July 31, 1878.

Sir,

I AM directed to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that the following amount will be due on the 1st proximo (to-morrow) for interest and commission on the Imperial Ottoman Guaranteed Loan of 1855, viz.:—

	£	s.	d.
Six months' Interest on 3,815,200*l.*	76,304	0	0
Commission thereon at 300*l.* per 1,000,000*l.*	1,144	11	2
Total	77,448	11	2

Of this amount the sum of 31,400*l.* only is in the hands of the Bank, leaving the sum of 46,048*l.* 11*s.* 2*d.* unprovided for.

I am therefore to request their Lordships' instructions in the matter at your earliest convenience.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 316.

The Marquis of Salisbury to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, August* 10, 1878.

I HAVE the honour to inform your Excellency that the Lords Commissioners of Her Majesty's Treasury have notified to me that funds have only partly been provided by the Turkish Government for the payment of the interest and commission, due on the 1st instant, on the Imperial Ottoman Guaranteed Loan of 1855, and that, under these circumstances, they have, in virtue of the powers vested in them by the 1st section of Act 18 and 19 Vict., cap. 99, authorized the Bank of England to advance the sum required to meet the charge, in order that the guarantee of Her Majesty, given jointly with that of the French Government, may be satisfied.

The amount due on the 1st instant is 77,448*l.* 11*s.* 2*d.*, and of this sum there is only, in the hands of the Bank, 31,400*l.*, leaving the balance of 46,048*l.* 11*s.* 2*d.* unprovided for.

I have the honour to request that your Excellency will draw the attention of the Porte to the clause of the Convention of 1855, whereby His Imperial Majesty the Sultan undertakes that the interest and sinking fund of the said loan shall form a charge on the whole revenues of the Ottoman Empire, and specially of the annual amount of the tribute of Egypt, which remains over and above the part thereof appropriated to the first loan of 1854, and moreover on the Customs of Smyrna and Syria.

Her Majesty's Government feel confident that every effort will be made by the Porte to satisfy fully the obligation which they have undertaken towards the guaranteeing Powers, and I have, therefore, the honour to request that your Excellency will at once remind the Turkish Government of the neglect to provide fully the funds required for the payment of the coupons of the 1st instant.

I am, &c.
(Signed) SALISBURY.

No. 317.

Lord Tenterden to Sir H. Selwin-Ibbetson.

Sir, *Foreign Office, August* 10, 1878.

IN reply to your letter of the 1st instant, I am directed by the Marquis of Salisbury to transmit to you a copy of a note which his Lordship has addressed to the Turkish Ambassador at this Court,* calling attention to the failure of the Porte to fully provide funds for the payment of the interest due on the 1st instant on the Imperial Ottoman Guaranteed Loan of 1855.

I am to add that Lord Salisbury will communicate a copy of your letter to Her Majesty's Ambassador at Paris, with instructions to call the attention of the French Government to the matter.

I am, &c.
(Signed) TENTERDEN.

No. 318.

The Marquis of Salisbury to Lord Lyons.

(No. 500.)
My Lord, *Foreign Office, August* 10, 1878.

WITH reference to the Earl of Derby's despatch No. 158 of the 26th of February last, I transmit to your Excellency a copy of a letter from the Treasury,† inclosing a

* No. 316. † No. 315.

copy of a letter from the Bank of England stating that funds have not been fully provided by the Turkish Government to meet the interest and commission due on the 1st instant on the Turkish Guaranteed Loan of 1855, in consequence of which Her Majesty's Government have been under the obligation of advancing the amount required to fulfil the guarantee given jointly by Her Majesty and the French Government.

I also inclose a copy of my reply to the Treasury,* and of a letter which I have addressed to Musurus Pasha,† calling attention to the obligations entered into by the Turkish Government in regard to this loan; and at the request of the Board of Treasury, I have to beg that your Excellency will make known these circumstances to the French Government, who will, Her Majesty's Government do not doubt, address a corresponding invitation to the Turkish Government on this subject.

I am, &c.
(Signed) SALISBURY.

No. 319.

Lord Lyons to the Marquis of Salisbury.—(*Received August* 17.)

(No. 643.) *Paris, August* 16, 1878.

My Lord,

I HAD yesterday the honour to receive your Lordship's despatch No. 500 of the 9th instant, on the subject of the failure of the Porte to provide in full for the charges due on the 1st of this month on the Imperial Ottoman Guaranteed Loan of 1855.

I have the honour to inclose a copy of a note which I have in consequence addressed to the French Minister for Foreign Affairs.

I have, &c.
(Signed) LYONS.

Inclosure in No. 319.

Lord Lyons to M. Waddington.

M. le Ministre, *Paris, August* 16, 1878.

I HAVE the honour to inclose to your Excellency copy of a note which has been addressed by Her Majesty's Principal Secretary of State for Foreign Affairs to the Ottoman Ambassador in London, in consequence of the Porte having failed to provide fully funds for the payment of the interest due on the Imperial Ottoman Guaranteed Loan of 1855.

Her Majesty's Government have directed me to express their hope that the French Government will deem it fitting to make a similar communication to the Turkish Government.

I have, &c.
(Signed) LYONS.

No. 320.

Musurus Pasha to the Marquis of Salisbury.—(*Received August* 19.)

My Lord, *Ambassade Impériale Ottomane, Londres, le* 17 *Août*, 1878.

J'AI l'honneur d'accuser réception de la lettre que votre Excellence a bien voulu m'adresser, en date du 10 de ce mois, sur l'insuffisance des fonds remis à la Banque d'Angleterre pour le service de l'Emprunt Ottoman de 1855, échu le 1er Août; et je me fais un devoir d'informer votre Excellence que j'ai transmis sans retard sa lettre à son Altesse Safvet Pacha, en appelant l'attention de la Sublime Porte sur cette nouvelle démarche du Gouvernement de Sa Majesté la Reine.

J'ai, &c.
(Signé) MUSURUS.

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* No. 317. † No. 316.

No. 321.

Mr. Stewart to Mr. Currie.—(Received August 27.)

My dear Currie, *London, August 26, 1878.*

I HAVE only to-day received your note of the 23rd, and am now having prepared for you a statement showing the Turkish revenues per vilayet, in detail (as far as we know them), which will take some little time; but you shall have them as speedily as possible.

By the Ottoman Bank's Convention with the Government, it ought to receive the whole net revenues of the Empire; but this has never been the case. We can, therefore, only state with certainty the amount of these which we do receive, and furnish you with an estimate (probably as near the truth as any that can be obtained) of those that go past us direct to the Government.

I had not forgotten my promise about Cyprus, but have had to telegraph for some information about which I was doubtful.

The only special hypothecation we can discover of strictly Cyprus revenues is that of 19,200*l.*, from the Customs revenue of the island, affected as part security for the loan of 1863.

Cyprus, it must be remembered, however, is necessarily included in the "General Revenues of the Empire," where these are pledged; and that the island itself is included in the Vilayet of the "Islands of the Archipelago," and is not a separate vilayet by itself.

I send you, notwithstanding its length (as it strikes me it may be of use to you), a very carefully prepared and trustworthy estimate of the net revenue which the Turkish Government has heretofore, on the average, derived from the now-severed Bulgaria. It is necessarily, in some degree, approximate, but it is drawn up by one of our most competent officers, who has for some years conducted our business in that province, at Varna, Rustchuk, &c., and cannot be far from the truth.

Yours very truly,
(Signed) J. STEWART.

Inclosure 1 in No. 321.

August 2, 1878.

I BEG to hand you here inclosed a Table of the financial situation of the country before the outbreak of the late war, the information contained in which I trust will be found useful.

The principal resource of Bulgaria is agriculture, and the population being laborious, it is almost certain that the country will very soon recover from the effects of the war.

The principal produce is grain, of a very good quality, the exportation of which will develop itself in an extraordinary manner as soon as a port, affording suitable protection to sailing-vessels, is constructed at Varna or Baltchik.

These ports being open during the whole year, whilst the Roumanian ports are impracticable during about four months in the winter, the Bulgarian port will serve also for a good deal of the Roumanian export trade, and the movement would be, at all events, quite sufficient to cover interest and sinking fund of the amount necessary for the construction of the port.

The only element existing in the country which could be employed for the organization of the financial administration is our Rustchuk Branch, the Bulgarians being on an extremely low level of instruction. The Bank will, therefore, be able to render very important services to Bulgaria, in return for which it should be permitted to acquire certain privileges.

* * * * *

Should it be possible to obtain the aforesaid concessions, the Bulgarian Branch would, I believe, leave good profits, and I am of opinion that the Bulgarian Government would not withhold its sanction, as an independent bank could not yet be created in Bulgaria, commerce, industry, &c., not being sufficiently developed.

The Government will also, doubtless, take into consideration the great advantages resulting from the support it would receive from so powerful an establishment as the Imperial Ottoman Bank.

Inclosure 2 in No. 321.

REVENUES of the former Turkish Province of the Danube in 1291 (1875-76).

Names of the Sandjaks.	Duty on Sheep (at 5 Piastres).	Duty on Hogs (at 3 Piastres).	Tithes.	Total.	Administration Expenses.	Net.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Rustchuk	4,894,191	150,767	44,301,388	49,363,346	7,400,137	41,963,109
Widdin	4,856,476	941,884	27,307,900	33,106,880	3,949,192	29,157,688
Nisch	4,507,174	835,000	18,231,712	32,917,288	3,633,762	28,583,526
Sofia	6,018,862	676,045	18,317,813	38,202,800	3,777,777	34,424,042
Tirnova	3,609,992	173,000	19,047,848	32,083,260	3,583,372	30,899,887
Philippopolis	2,967,888	57,000	10,874,663	16,802,086	3,811,200	12,984,877
Varna	2,569,364	21,280	3,011,305	16,022,988	1,091,116	15,031,872
	32,143,229	1,868,457	129,293,975	219,898,821	25,251,930	194,647,741
Add to this the indirect duties, such as import and export duty, the duties on wines, spirits, tobacco, salt, &c., which are estimated to				40,000,000		40,000,000
				259,898,821	And net revenue of	234,647,741
And you will find a gross revenue of				2,370,000	Or about £ stg.	2,130,000

The Dobrudja (Sandjak of Tultcha) having been ceded to Roumania, and half of the Sandjak of Sofia to Roumelia, the revenue of these districts, amounting to about 30,000,000 piastres, or about £275,000 sterling, are to be deducted, so that the revenue of Bulgaria, if the present duties are maintained, may amount to about £2,100,000 sterling; and if a regular good and honest administration is introduced they will amount even to a much larger sum, the country offering every kind of resources, and wanting only public security and facilities to trade and industry.

N.B.—From the newspapers arrived to-day I see that about two-thirds of the Sandjak of Nisch have been ceded to Servia, we therefore must deduct from the aforesaid amount will about 20,000,000 piastres, or about £180,000 sterling, so that the revenue of Bulgaria will be reduced to about £1,900,000 sterling.

No. 322.

Sir A. H. Layard to the Marquis of Salisbury.—(Received September 12.)

(No. 1100.)

My Lord, *Therapia, September 4, 1878.*

THE French Chargé d'Affaires informed me that he had received instructions from his Government to call the attention of the Grand Vizier to the fact that the Porte had failed to provide in full the funds for the payment of the interest due on the Imperial Ottoman Guaranteed Loan of 1855, and to communicate with me on the subject. I have spoken to Safvet Pasha, who replied that the matter had already been brought to his notice by Musurus Pasha, and that he had instructed the Minister of Finance to make arrangements without delay for the settlement of the balance due.

I have, &c.
(Signed) A. H. LAYARD.

No. 323.

Musurus Bey to the Marquis of Salisbury.—(Received September 20.)

Ambassade Impériale Ottomane, Londres,
My Lord, *le 17 Septembre*, 1878.

EN me référant à la note de son Excellence Musurus Pacha du 17 du mois dernier, relative au service de l'Emprunt Garanti de 1855, échu le 1er Août, j'ai l'honneur d'informer votre Excellence que j'ai reçu du Gouvernement Impérial et remis à la Banque d'Angleterre le 14 de ce mois une lettre de change de 46,048*l.* 11*s.* 2*d.*, endossé à son ordre, et représentant la somme avancée par elle pour compléter le montant du service susmentionné.

Je saisis cette occasion pour prier votre Excellence de vouloir bien agréer les assurances de la très-haute considération avec laquelle, &c.

(Signé) ET. MUSURUS.

No. 324.

Sir J. Pauncefote to Mr. Lingen.

Sir, *Foreign Office, September 23, 1878.*

WITH reference to the letter from this Office of the 10th August, I am directed by the Marquis of Salisbury to transmit to you herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a letter from the Ottoman Chargé d'Affaires in this country, stating that he has paid into the Bank of England the sum of 46,048*l.* 11*s.* 2*d.*, being the balance due on the 1st August last on account of the Imperial Ottoman Guaranteed Loan of 1855, which the Porte failed to provide for at the time.

I am, &c.
(Signed) J. PAUNCEFOTE.

No. 325.

Mr. Law to Lord Tenterden.—(Received September 24.)

My Lord, *Treasury Chambers, September 24, 1878.*

WITH reference to the letter from this Department dated the 1st ultimo, in which it was stated that the sum provided by the Turkish Government, in respect of the interest and commission on the Imperial Ottoman Guaranteed Loan of 1855, due on the 1st of August last, fell short of the amount required by 46,048*l.* 11*s.* 2*d.*, I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will inform the Secretary of State for Foreign Affairs that that sum was received by the Bank on the 16th instant from his Excellency the Turkish Ambassador.

The amount has been applied in repayment of the advance made by the Bank of England, but there remains due a sum of 276*l.* 5*s.* 8*d.*, being the interest on the advance from 1st August to the 16th September, at the Bank minimum rate, viz., 11 days at 4 per cent. and 35 days at 5 per cent. I am therefore to ask that you will move the Secretary of State to call the attention of the Turkish Government to the fact, and to request that provision may be made for the repayment of the amount to the Bank of England.

I am, &c.
(Signed) WILLIAM LAW.

No. 326.

The Marquis of Salisbury to Musurus Bey.

M. le Chargé d'Affaires, *Foreign Office, September 27, 1878.*

I HAVE the honour to acknowledge the receipt of your letter of the 17th instant, informing me that you have paid into the Bank of England the sum of 46,048*l.* 11*s.* 2*d.*, being the amount still due from your Government on account of the dividend of the Imperial Ottoman Guaranteed Loan of 1855, which recently fell due; I beg to thank you for this announcement, which I have lost no time in communicating to the Lords Commissioners of Her Majesty's Treasury.

I have, &c.
(Signed) SALISBURY.

No. 327.

The Marquis of Salisbury to Musurus Bey.

M. le Chargé d'Affaires, *Foreign Office, October 7, 1878.*

THE Lords Commissioners of Her Majesty's Treasury have informed me that the sum of 46,048*l.* 11*s.* 2*d.*, paid by the Imperial Ottoman Embassy to the Bank of England on the 16th ultimo, has been applied to the repayment of the advance made by the Bank for the issue of the dividends on the Guaranteed Loan of 1855, due on the 1st August last. There remains, however, a sum of 276*l.* 5*s.* 8*d.* due to the Bank, being the interest on the advance from the 1st August to the 16th September at the Bank minimum rate, viz., eleven days at 4 per cent., and thirty-five days at 5 per cent.

I shall be obliged if you will bring this fact to the knowledge of your Government, in order that provision may be made for the repayment of the amount in question to the Bank of England.

I have, &c.
(Signed) SALISBURY.

No. 328.

Musurus Bey to the Marquis of Salisbury.—(Received October 11.)

My Lord, *Ambassade Impériale Ottomane, Londres, le 10 Octobre*, 1878.

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser le 7 de ce mois relativement à la somme de 276*l.* 5*s.* 8*d.*, qui est réclamée par la Banque d'Angleterre à titre d'intérêt sur l'avance faite par cette Banque pour le service de l'Emprunt garanti de 1855, échu le 1er Août dernier, et, conformément au désir exprimé par votre Excellence, je me suis empressé de porter cette réclamation à la connaissance du Gouvernement Impérial, afin qu'il pourvoie au paiement de la somme susmentionnée à la Banque d'Angleterre.

Je saisis, &c.
(Signed) ET. MUSURUS.

No. 329.

Mr. Hamond and M. Boisney to the Marquis of Salisbury.—(*Received October* 14.)

6, Adelphi Terrace, London, October 8, 1878.

My Lord,

THE Anglo-French Committee of Turkish Bondholders representing the 7 per cent. loans and general debt, amounting to nearly 150,000,000*l.* sterling, beg most respectfully to approach your Lordship under the following circumstances:—

It is now three years since the Turkish Government broke faith with her foreign bondholders and committed default; during the whole of this time no proposition whatever has been made by Turkey to her creditors to mitigate in any way the many hardships and privations to which so many thousands of her bondholders have been subjected by such default.

That the arrears of interest now due to the above creditors amount to 20,000,000*l.* sterling, and while this interest has been secured upon dues and taxes hypothecated for the punctual payment of the same, the Government of Turkey have never fulfilled their obligations by handing the same over to their creditors, but, in violation of their engagements, have not only received the produce of the same, but retained them in their own hands, and, in addition, have treated with entire indifference their bondholders who lent their money, upon the sole faith of Turkey loyally fulfilling her contracts made with each loan.

The Anglo-French Committee feel this conduct the more acutely, inasmuch as the Porte has only settled with those bondholders who hold the Egyptian Tribute as their security, because the same was remitted direct to England, and thus escaped misappropriation by not coming into the hands of the Ottoman Government.

The Anglo-French Committee did not press for a settlement of their just claims during the time that the Ottoman Empire was subject to great trials by rebellion and invasion. They felt for her position, and waited until the Berlin Congress gave hopes of peace; but although three months have elapsed, the Porte gives no sign of fulfilling her repeated promises by settling the claims of her foreign creditors, but, on the contrary, avails herself of every possible means of borrowing money at Constantinople upon most exorbitant and ruinous rates of interest and commission (12 per cent. to 15 per cent.), resorting to the extreme and unjust means of pledging as securities the hypothecations belonging to and the property of the bondholders of the 6 per cent. loans, in order to enable them to obtain these advances at rates which would be fatal to the credit of any Empire.

The Anglo-French Committee deeply regret from time to time to see from the public press that the Ottoman Bank and others aid the Porte in what must be a fatal career to ruin, instead of, by friendly counsel and support, assist her to act justly to her foreign bondholders, the more especially as it is well known that these same securities upon which from time to time they make advances are the property of the bondholders unjustly withheld from them.

The Anglo-French Committee are thus compelled, in this sad state of the action of Turkey and her want of good faith towards her creditors, to appeal to their respective Governments for their interference on their behalf.

In the years 1854 to 1856 the peoples of England and France spent 200,000,000*l.* sterling and sacrificed more than 120,000 lives in the defence of the Ottoman Empire, which was then held to be entitled to their sympathy and support, demanding nothing in return but freedom of her peoples and good government throughout the Turkish dominions; in addition to this, the two Governments advanced a loan, guaranteeing the same, in order that the relieved Empire might have renewed vigour and life, the peoples of both countries willingly following this example, the loans of 1858 and notably that of 1862 being made under the recommendation and support of the then English Government.

That more than two years ago the English Government sent out a special Commission to Egypt at the expense of this country, to inquire into its finances, and later on purchased for 4,000,000*l.* sterling certain Suez Canal shares of the Khedive, by which default of the Egyptian debt was prevented; more recently further active interference was made by England in Egyptian finance, by specially sending out gentlemen connected with the Treasury and Foreign Office, which has resulted at this moment, under pressure upon the Khedive, in the appointment of an official from the English Treasury as Finance Minister, and one from France as Minister of Commerce. The Khedive of Egypt is a vassal of Turkey, paying its sovereign a large tribute, and

those special steps were taken which have secured to the Egyptian bondholders the future payment of their interest, without consulting the Suzerain Power.

The Anglo-French Committee do not ask their respective Governments to interfere either with the sovereign rights of Turkey or with its internal Government as with Egypt, but having, in July last, officially made a proposition through his Excellency Musurus Pasha to his Highness Safvet Pasha, by which the bondholders reduced their debt from 148,000,000*l.* to 70,500,000*l.*, and the interest to less than one-third, viz., from 9,632,000*l.* to 3,000,000*l.* a year, provided that certain securities were handed over for the same to a Commission at Constantinople appointed by the bondholders; the Committee feel that the time has arrived no longer to be satisfied with promises, but for their Governments to demand from the Ottoman Porte some decisive reply to the same, and the honourable fulfilment of their obligations to foreign creditors.

A nation is best entitled to the sympathy, good-will, and support of her neighbours by the honour, good faith, and fidelity with which she fulfils all her engagements, and it is with deep regret and pain that the Anglo-French Committee feel it their duty frankly and freely to declare to their respective Governments that the procrastination so systematically pursued by Turkey in evading, if not ignoring, her solemn engagements, upon the faith of which she obtained her foreign loans, is fast alienating from her her best friends, and soon will she find no voice raised or hand ready to save her from those who wish to blot her out, as a nation, from the map of Europe.

In conclusion, the Anglo-French Committee appeal with perfect confidence to their Governments in support of this Memorial, and that they will aid them in obtaining a fair and just settlement of their rights, so long withheld from them by the Porte, and to which end they are already assured of the cordial co-operation of the Government of Italy.

We have, &c.

(Signed) CHAS. FRED. HAMOND, *Chairman of the General Committee of English Bondholders.*

L. BOISNEY, *President of the French Committee of Turkish Bondholders, jointly called the Anglo-French Committee.*

No. 330.

Mr. Hamond to the Marquis of Salisbury.—(*Received October* 14.)

6, Adelphi Terrace, London, October 11, 1878.

My Lord,

I HAD the honour, on the 10th instant, of forwarding you a Memorial from the Anglo-French Committee of Turkish Bondholders. I now address your Lordship, as Chairman of the 1862 Loan, and respectfully, but earnestly, beg your attention, the most patient and serious, to the claims of the bondholders of that loan to the direct support of Her Majesty's Government on their behalf at Constantinople.

1. That the Loan of 1862 was authorized by an Imperial Rescript dated the 19th February, 1862, hypothecating certain new taxes for the payment of its interest and sinking fund, and directing a Commission to be appointed at Constantinople to receive the same.

2. That on the 14th March, 1862, Mr. Layard, Under-Secretary of State for Foreign Affairs, stated in Parliament "that Her Majesty's Government had shown the Turkish Government how they could remedy the present state of things and regulate their finances, so as to restore the equilibrium between revenue and expenditure;" and further announced "that the Government Agents had prescribed (to Turkey) Government monopolies of tobacco and salt, and declared confidence in her regular payments of foreign dividends to the day."

3. That on the 15th March, 1862, Earl Russell, then Foreign Secretary, wrote a letter to promote this loan, published, with his consent, with the circular soliciting subscriptions for the same from the public, which contained these words: "A special feature of this loan is, that it is under the direct cognizance and favour of the British Government."

4. That on the 22nd March, 1862, a joint and final contract was entered into by the Ottoman Bank and Messrs. Charles Devaux and Co. with the Ottoman Government for the loan, amounting to 8,000,000*l.* sterling, nominal, issued to the public at the price of 68, bearing interest at 6 per cent. per annum, on par price, with a sinking

fund of 2 per cent. accumulative, so that the entire loan should be paid off by the year 1886.

5. That the bonds of this loan stated its objects were "for the purpose of regulating the finances of the Empire, consolidating the floating debt, and of gradually withdrawing the paper-money, or caimés, then in circulation;" and further contained these words: "That in order to raise the said loan, the Ottoman Government doth 'specially and irrevocably' charge therewith, as 'an additional guarantee,' all and singular the revenues now derived, or hereafter to be derived, by the Imperial Government from the articles of tobacco, salt, stamps, and patents, and in order that the said revenues may be more 'effectually and irrevocably pledged and appropriated' to the payment of interest and principal of the said loan, a Commission shall be appointed at Constantinople who shall receive the same, and have a Treasury of their own, to whom all the revenues specially hypothecated shall be paid as soon as received."

6. That in order to give more solemn effect to this bond (confirmed by a Firman of the 7th April, 1862), the Sultan further issued Letters Patent, on the 8th April, directing the formation of this Commission, whose "expenses were also to be paid out of the taxes so hypothecated."

7. That the revenues so assigned and to be appropriated were specially created to form the security for the due payment of the 1862 Loan, and consisted of the taxes upon tobacco, salt, and stamps (to which were added the patent dues), amounting together, in 1862-63, the first year of their existence, to 1,850,000*l.* sterling, and, in 1874, to upwards of 2,750,000*l.* sterling, out of which the Loan of 1862 has a first charge and lien of 640,000*l.* required for its annual service, and which the Commission were bound under the Firman of the 7th April, and the Letters Patent of the 8th April, 1862, to remit to England, half-yearly, in sums of 320,000*l.* each, for the bi-annual interest and sinking fund of the said loan.

8. The English Government took a step further in their official support of this loan, and, after the subscriptions from the public were completed, sent a Special Commissioner (Lord Hobart) to Constantinople, "in order that the money so received by the loan should be applied under his supervision to the purposes for which it was raised," so that, without doubt, the Turkish Empire has received, in this instance, the full advantage and benefit of the same.

9. That the appointment of this Commission had always been evaded by the Ottoman Government, but, after repeated applications by Earl Clarendon, in 1869-70, Earl Granville, in September 1870 received, through Sir Henry Elliot, a letter from his Highness Aali Pasha, dated the 31st August, nominating three members to the Commission on the part of the Porte, and requesting three others to be named by the contractors of the loan. This satisfactory state of affairs, so favourably brought about by the official active interference of Her Majesty's Government, was rendered abortive by the uncalled-for and unnecessary interference of the Ottoman Bank as to the payment of the expenses of the said Commission, although, as joint Contractors of the loan, receiving their profit and commission, it was their duty to assist in carrying out the terms of their contract, and not have thwarted the interests of the bondholders, the more especially as the expenses of this Commission were provided for in the Sultan's Letters Patent of the 8th April, 1862.

10. That the default of Turkey took place in 1875, the bondholders of the 1862 loan are still without their securities hypothecated to them, and for three years have been deprived of their interest.

11. That it is under the above circumstances, my Lord, that I make a confident appeal for the interference of our own Government in our favour. The Loan of 1862 was encouraged and supported by Her Majesty's then Government, by whom a Special Commissioner was appointed to superintend the application of its proceeds, and it is the only loan that possesses special Letters Patent from the Sultan to have a Commission of its own at Constantinople to receive the taxes and dues "specially and irrevocably assigned to them as their security." These are all peculiar and exceptional claims in our favour, and we feel we shall not appeal in vain to Her Majesty's Government to render us once more their official support to procure the long-delayed Commission at Constantinople, and to whom, on their appointment, shall be assigned, and by whom, for the future, shall be received, those taxes and dues hypothecated to the Loan of 1862, and to the fulfilment of which engagement the honour and good faith of the Ottoman Government is so deeply pledged.

I have, &c.

(Signed) CHAS. FRED. HAMOND,

Chairman of the Committee of the 1862 Turkish Loan

No. 331.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1331.)

Foreign Office, October 29, 1878.

Sir,

I TRANSMIT herewith, for your Excellency's information, copies of two documents which have been left with me by Mr. Hamond, the first being a representation on behalf of the Anglo-French Committee of Turkish Bondholders representing the 7 per cent. Loans and general debt; the second on behalf of the bondholders of the 1862 Loan.

I promised Mr. Hamond that, without endorsing his plan for settling the Ottoman Debt, both these communications should be forwarded to your Excellency, accompanied by a recommendation that you should take any steps which you could properly do to secure an equitable consideration and settlement of the claims of the bondholders; and I request that your Excellency will act in this sense whenever a favourable opportunity presents itself.

I am, &c.

(Signed) SALISBURY.

No. 332.

Mr. Hamond, M.P., to the Marquis of Salisbury.—(*Received November 22.*)

Newcastle-on-Tyne, November 20, 1878.

My Lord,

I HAVE the honour to forward you copy of a letter I have received from the Grand Vizier (through the Turkish Embassy), in answer to my letter, sent through the same channel on the 24th July last, on the subject of the Turkish foreign debt, and copy of which I forwarded to your Lordship in August last.

I shall be glad to learn if your Lordship has received any reply from Sir A. Layard to the memorials I handed you on the 10th and 11th October last.

Count de Tocqueville, the Delegate of the French portion of the Anglo-French Committee, has gone out to Constantinople, to press upon the Porte a settlement of the foreign debt, upon the basis of the proposals of the Anglo-French Committee, and has received letters from M. Waddington to M. de Fournier, the French Ambassador at Constantinople, to assist him all in his power.

The French Committee have applied to me to ask your Lordship to be good enough to give Count de Tocqueville a letter to Sir A. Layard, and also that you will kindly request Sir A. Layard to use his good offices, jointly with the French and Italian Ambassadors, in support of the proposals of the Anglo-French Committee, made personally by the Count de Tocqueville, so that they may be brought to a successful termination, if possible, during the stay of the Count at Constantinople.

I hope your Lordship will kindly send me the required letter as early as you can, so that I may forward it without delay.

I have, &c.

(Signed) CHAS. FRED. HAMOND,

Chairman of the General Committee of the Turkish Bondholders.

Inclosure in No. 332.

Musurus Bey to Mr. Hamond, M.P.

Imperial Ottoman Embassy, London, November 11, 1878.

Sir,

HIS Highness the Grand Vizier has received your letter of the 24th July last, on the subject of the settlement of the Ottoman public debt, with the Memorandum which accompanied it.

I am charged by his Highness to transmit you the following answer:—

"The Imperial Government appreciates the efforts which you and your colleagues have made to prepare the elements of a settlement of the Ottoman Public Debt, and hopes that they will powerfully contribute to the satisfactory solution of this grave question.

"Nevertheless, the Sublime Porte, at this time, could not accept your proposals and enter into negotiations on this subject with the Committees which you represent. The financial plan proper to conciliate the necessities of the situation with the legitimate

rights of the creditors of the State must be drawn up before any Government measure. The elements thereof will be prepared by the Government, with the co-operation of competent persons, enjoying its confidence and that of the interested parties in Europe: and it is only at the time when this work will be begun that the wishes and proposals of the Turkish bondholders can be attended to and utilized, with a view to a practical and equitable solution.

"The Committees which you represent may be sure that when the time comes their financial programme will receive a consideration and attentive examination."

I have, &c.
(Signed) ET. MUSURUS,
Chargé d'Affaires of Turkey.

No. 333.

Mr. Rathborne to the Marquis of Salisbury.—(Received December 5.)

My Lord, *Middle Temple, E.C., December* 4, 1878.

I HAVE the honour to submit to your Lordship that an announcement has appeared in several newspapers to the effect that Sir Henry Layard is endeavouring to obtain the guarantee of Her Majesty's Government to a new Ottoman loan to the extent of twenty millions sterling, or thereabouts, the security offered to investors being the surplus revenue of the Island of Cyprus, payable under the Anglo-Turkish Convention to the Ottoman Porte, together with the tribute payable by Egypt when the latter shall be relieved of the present charges on it.

As a bondholder of the 1858 Loan, I would beg most respectfully to represent that the whole of the revenues, whether actual or prospective, of the Ottoman Empire are already hypothecated to us in respect of that debt, and that consequently any new arrangement which should shut us out of this security, or any part of it, in favour of any later lenders would be neither more nor less than a gross fraud, unless such new arrangement included some provision for the liquidation of what is due under the previous hypothecation to us.

I would further venture to add that, as matters stand, the only check the subjects of Her Majesty possess against repudiation on the part of foreign States is the rule of the Stock Exchange, which prohibits the dealing there in new loans that may be issued by any defaulting State. Under this disability Turkey at present lies, and the continued enforcement of the rule appears to be the only means likely to bring it to a sense of what is due to its suffering creditors. It could not fail, therefore, to be looked on as a most injurious proceeding towards them if the Government of Her Majesty were to step in and nullify this check by giving a guarantee that would enable it, without regard to its previously violated engagements, to launch a new loan. The circumstances attending the raising of the Loan of 1858 and those attending its repudiation, were fully detailed by me in a Memorial to your Lordship's predecessor, the Earl of Derby, of the 22nd November, 1875, and they were not such as to merit any special indulgence being accorded to the Ottoman Porte.

If Turkey is really disposed to act honestly towards its creditors there would probably be found no insuperable difficulty in effecting, with the friendly aid of Her Majesty's Government, such a compromise with them as would place it again in the honourable position which it has forfeited, and so enable it to obtain any sums that may be necessary to its effective entrance on the path of reform; but until it shows some desire to remedy the evil it has inflicted on those who have already trusted to its promises we have a right, I would submit, to protest against its being so dealt with as to give it all the advantages of repudiation without incurring any of the penalties, comparatively slight as they are, that at present attach to the act.

I have, &c.
(Signed) A. B. RATHBORNE.

No. 334.

The Comte de Montigny to the Marquis of Salisbury.—(Received December 7.)

M. le Ministre, *Paris, le 5 Décembre*, 1878.

J'AI l'honneur de transmettre à votre Excellence la protestation que M. le Comte de Tocqueville, délégué des Comités Anglo-français des porteurs de la Dette Turque, vient d'adresser à son Altesse le Grand Vizir. J'ose espérer que votre Excellence appréciera l'importance et l'opportunité de cette résolution et qu'elle voudra bien appeler l'attention de Mr. Layard sur ce document.

L'indignation de nos porteurs en présence du nouvel acte de spoliation dont ils sont menacés est d'autant plus juste et mieux fondée qu'il se produit au moment même où ils viennent d'envoyer leur délégué pour soumettre au Gouvernement Turc et exposer au sein de la Commission préparatoire un projet de règlement de la dette éminemment équitable et de nature à faire renaître le crédit de l'Empire.

Si les respectueuses représentations adressées à la Sublime Porte devaient rester sans effet, ses créanciers se verraient contraints à réclamer la proscription de toutes les valeurs Turques sur la place de Paris, résolus qu'ils sont à défendre leurs droits légitimes et à faire prévaloir les décisions du Congrès de Berlin.

Veuillez, &c.
(Signé) C^TE. DE MONTIGNY, *Vice-Président.*

Inclosure in No. 334.

The Comte de Tocqueville to Safvet Pasha.

M. le Ministre, Altesse, *Constantinople, le 24 Novembre*, 1878.

J'AI l'honneur de m'adresser à votre Altesse en qualité de délégué des Comités Anglo-Français des porteurs de la Dette Turque, pour appeler son attention sur le projet d'emprunt que, d'après le bruit public, le Gouvernement de la Sublime Porte serait en voie de traiter au moyen de l'aliénation de quelques-uns des revenus généraux de l'Empire, revenus qui, en plus de certaines affectations spéciales et privilégiées déjà consenties, sont le gage de tous les créanciers de la dette publique.

Mon mandat me fait un devoir de déclarer à votre Altesse qu'une semblable opération, consommée dans les inconstances actuelles, entraînerait fatalement les conséquences les plus fâcheuses pour l'Etat, aussi bien que pour les créanciers.

Le Gouvernement Impérial ayant suspendu le service de sa dette ne peut songer valablement à opérer de nouveaux emprunts avant d'avoir équilibré, par un règlement équitable et définitif, sa dette antérieure au moyen d'une entente avec la masse de ses créanciers; alors seulement il pourra se procurer, et ce dans des conditions d'autant meilleures que son crédit sera rétabli, les ressources qui lui sont nécéssaires.

Je me hâte d'ajouter que les porteurs de la Dette Turque actuellement groupés en un faisceau homogène sont disposés à faire les concessions et sacrifices légitimes que comporte l'état des finances de la Turquie; mais par contre qu'ils sont résolus et déterminés à maintenir intacts tous leurs droits et à les faire prévaloir.

Plein de confiance dans la haute raison et la parfaite équité de votre Altesse, je suis convaincu qu'elle voudra bien prendre en considération les respectueuses représentations des porteurs de la Dette Turque que je représente.

Je prie, &c.
(Signé) C^TE. DE TOCQUEVILLE.

No. 335.

Lord Tenterden to Mr. Rathborne.

Sir, *Foreign Office, December* 9, 1878.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 4th instant, protesting against any new loan being contracted by Turkey until pro-

vision is made for the liquidation of the claims of the bondholders of the Turkish Loan of 1858.

I am, &c.
(Signed) TENTERDEN.

No. 336.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received December* 12.)

(No. 1483.)
My Lord, *Constantinople, December* 1, 1878.

THE Comte de Tocqueville, a gentleman who has been sent to Turkey to propose an arrangement for the settlement of the claims of the English and French bondholders, called upon me this morning, and stated that Mr. Hamond had applied to your Lordship for a recommendation for him to me, which he had reason to believe had been given. He requested me to afford him my support in his negotiations with the Porte, as he represented the whole of the French and English holders of Turkish bonds, and as the scheme he was about to present to the Turkish Government had received their entire approval.

I told M. de Tocqueville that your Lordship had mentioned his name to me in a private letter, and that I should be happy to give him, on your Lordship's recommendation, any assistance that I properly could, but that as there was, I understood, a large numbr, if not a considerable majority, of the English bondholders who were opposed to Mr. Hamond's scheme of a general amalgamation of the Ottoman loans, which formed the basis of his proposal, on the ground that they declined to give up the specific securities assigned to them for the loans of which they were holders, I could not, without your Lordship's instructions, give him my official support. It appeared to me, I said, that it was either for the Porte, or the persons he represented, to reconcile the conflicting interests to which I had referred, and to obtain the consent of all parties to an arrangement.

M. de Tocqueville replied that, so far from there being a large party in England opposed to his and Mr. Hamond's scheme, that party consisted only of Mr. Bouverie, the Chairman of the Council of Foreign Bondholders, and a few of his friends, and that he was the authorized representative of the great majority of the English bondholders.

As this statement does not agree with the information that has reached me from other and trustworthy sources, I should be glad to have your Lordship's instructions as to whether I am to give official, or even officious, support to M. de Tocqueville.

I have, &c.
(Signed) A. H. LAYARD.

No. 337.

Musurus Bey to the Marquis of Salisbury.—(*Received December* 16.)

Ambassade Impériale Ottomane, Londres,
My Lord, *le* 14 *Décembre*, 1878.

EN me référant à ma note du 10 Octobre dernier, j'ai l'honneur d'informer votre Excellence que j'ai reçu du Gouvernement Impérial et remis à la Banque d'Angleterre le 10 de ce mois la somme de 267*l.* 5*s.* 8*d.* que, d'après la note de votre Excellence du 7 Octobre dernier, la dite Banque réclamait à titre d'intérêt sur l'avance qu'elle avait fait pour le service de l'Emprunt Garanti de 1855, échu le 1er Août dernier.

Je saisis, &c.
(Signé) ET. MUSURUS.

No. 338.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, December* 17, 1878.

WITH reference to my letter of the 30th ultimo, forwarding copy of a letter from Mr. Hamond, M.P., in which that gentleman requested the support of Her Majesty's

Embassy at Constantinople for the Count de Tocqueville, as representative of the Anglo-French Committee of the Turkish Bondholders, I am directed by the Marquis of Salisbury to transmit to you herewith a copy of a despatch from Sir H. Layard, asking how far he is warranted in supporting M. de Tocqueville's proposals, and raising the question whether that gentleman can be considered to represent a majority of the English bondholders, as he claims to do.

I am to request that you will move the Lords Commissioners of Her Majesty's Treasury to favour Lord Salisbury with their opinion as to the instructions to be given to Sir H. Layard upon this point.

I am, &c.
(Signed) TENTERDEN.

No. 339.

Lord Tenterden to Count de Montigny.

Sir, *Foreign Office, December* 18, 1878.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 5th instant, inclosing copy of a Protest addressed by the Count de Tocqueville to the Grand Vizier against the reported project for the issue of a new loan by the Turkish Government on the security of certain revenues already pledged to the creditors of Turkey.

I am to inform you that a copy of your letter and of its inclosure will be forwarded to Her Majesty's Ambassador at Constantinople.

I am, &c.
(Signed) TENTERDEN.

No. 340.

The Marquis of Salisbury to Mr. Hamond, M.P.

(Private.)
Dear Mr. Hamond, *Foreign Office, December* 19, 1878.

I HAVE received your letter, with the inclosures, to Sir H. Layard, which I have forwarded. It did not come in in time to enable me to have a despatch prepared: that must follow by the next mail.

When the bondholders are all united we shall be very glad to give our warm support to any scheme on which they agree, if it be not objectionable on other grounds. But so long as there are dissidents, important either by their number or their personal weight, our assistance must be confined to securing facilities for negotiation, and a full and fair hearing to rival views.

I am, &c.
(Signed) SALISBURY.

No. 341.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received December* 27.)

(No. 1535. Confidential.)
My Lord, *Constantinople, December* 15, 1878.

MR. HAMOND in his letter to your Lordship, dated the 20th ultimo, a copy of which was inclosed in your confidential despatch to me No. 1494 of the 5th instant, requests to be informed whether your Lordship has received any reply from me to his memorials of the 10th and 11th October last, and asks your Lordship to direct me to use my good offices so that the proposals to the Porte of the Anglo-French Committee of Turkish Bondholders, made personally by the Count de Tocqueville, should be brought to a successful termination, if possible, during the stay of the Count at Constantinople.

I have informed your Lordship in my despatch No. 1483 of the 1st instant of the reasons that have prevented me giving any official or officious support to the Count de Tocqueville, and as your Lordship has merely sent me Mr. Hamond's letter for my

information, I presume that you do not wish me to depart from my position of neutrality in this matter.

I have, &c.
(Signed) A. H. LAYARD.

No. 342.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1618.)

Sir, *Foreign Office, December* 31, 1878.

YOU will have received a letter, accompanied by inclosures, which has been addressed to you by Mr. Hamond, M.P. for Newcastle, relative to his scheme for a general amalgamation of certain of the Ottoman loans, with a view to the settlement of the Turkish Foreign Debt.

I have informed Mr. Hamond that when the holders of the Turkish bonds are all united in their views as to the arrangement best calculated to obtain a settlement of the claims of those who hold these securities, Her Majesty's Government will be very glad to give their warm support to any scheme on which they agree, if it be not objectionable on other grounds. But so long as there are dissentients, important either by their number or their personal weight, any assistance on the part of Her Majesty's Government must be confined to securing facilities for negotiation, and a full and fair hearing to rival views.

I have now to state to your Excellency that, as far as my inquiries have at present gone, I am not satisfied that the support given to Mr. Hamond's proposals by the creditors is unanimous, and therefore I do not think that the official support of Her Majesty's Government can be given to them. But I should wish that your Excellency should use your influence to obtain for Mr. Hamond's scheme every proper facility for negotiation, and that a fair hearing should be afforded by the Ottoman Government to those who are authorized exponents of his views.

I am, &c.
(Signed) SALISBURY.